



Daily Report

Latin America

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Daily Report

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Urupabol Member Countries Sign Joint Declaration

*PY2806010094 Asuncion ABC COLOR in Spanish
26 Jun 94 p 19*

[Text] Yesterday, the Paraguayan, Bolivian, and Uruguayan foreign ministers relaunched Urupabol [Permanent Joint Commission of Uruguay, Paraguay, and Bolivia]—12 years after it disappeared—as a way to strengthen the physical integration of the three countries.

After two days of meetings, at 1230 yesterday, Paraguayan Foreign Minister Luis Maria Ramirez Boettner, Bolivian Foreign Minister Antonio Aranibar Quiroga, and Uruguayan Foreign Minister Sergio Abreu Bonilla signed a joint declaration at the Foreign Ministry in Asuncion.

The ministers asked that the Agreement for River Transportation through the Paraguay-Parana Waterway be ratified by all member countries as a way to strengthen physical integration. Argentina and Brazil have yet to ratify the document. Paraguay, Bolivia, and Uruguay have already ratified it.

In the joint declaration, the foreign ministers express the need for a more significant participation of companies from the three Urupabol member countries in the implementation of the various Paraguay-Parana Waterway projects. The ministers agree that NAFTA is an important step forward for the creation of a broadened economic space in the hemisphere.

Uruguayan Foreign Minister Sergio Abreu Bonilla stressed that the relaunching of Urupabol—which disappeared in 1982—does not seek to upset the influence of Argentina and Brazil, the two powerful Mercosur [Common Market of the South] member countries. The idea is to complement and compare interests, Abreu said.

The Paraguayan and Bolivian foreign ministers said they were pleased with the Uruguayan offer to use Uruguayan port facilities to take their products to the Atlantic Ocean.

'Confrontation' Not Sought

*PY2806014594 Asuncion ABC COLOR in Spanish
25 Jun 94 p 14*

[Text] The refloating of Urupabol [Permanent Joint Commission of Uruguay, Paraguay, and Bolivia], which

disappeared in 1982, does not have as its purpose to become a counterbalance to Argentina and Brazil, the two powerful partners of Mercosur [Common Market of the South], Uruguayan Foreign Minister Sergio Abreu Bonilla said yesterday. "The essential thing is to develop the idea of Urupabol based on complementary interests and not on a confrontation between interests," he said.

While he admitted that Paraguay and Uruguay have to compete within Mercosur among common interests in a single market of 200 million consumers, he added that this does not necessarily mean confrontation, as common interests and common positions among the four countries must be sought.

The Uruguayan foreign minister added: "What we must seek within Mercosur is a clearer and more definite integration, and especially a strict fulfillment of the obligations assumed by the (four) countries. This is true for the large ones (Argentina and Brazil), in particular, because they are our main markets. It is also true for the small ones, or those suffering the imbalances (Paraguay and Uruguay), both because of our exporting potential and also based on the importance that needs to be given to the obligations assumed."

Bolivia is part of the Andean Pact, and for this reason is not a member of Mercosur, as the Asuncion Treaty does not allow it. The Uruguayan foreign minister said, however, that bilateral agreements can be achieved with Bolivia through the Latin American Integration Association (ALADI) headquartered in Montevideo. He further explained that improved trade can be achieved through ALADI, as a way of explaining that there are no difficulties for Paraguay and Uruguay in exchanging products bilaterally with countries that are not members of Mercosur.

"The presence of Bolivia is very important, not only within the framework of cooperation, but essentially within the framework of trade—only with the legal instruments we already have, and not with the legal structures that prevail in the Mercosur market," he said.

Abreu Bonilla said his country has offered Paraguay and Bolivia its port services for export of their products through the Atlantic Ocean, considering that both are landlocked countries.

Cuba**Eastern Army Commander on Readiness, Activities**

FL2806021694 Havana Cuba Vision Network in Spanish 0000 GMT 28 Jun 94

[From the "NTV" newscast]

[Text] Eastern Army forces maintain full combat readiness to quickly and effectively repel any enemy attack. This was confirmed by Army commanders at the beginning of a tour that began in Guantanamo Province and will extend to Camaguey Province, with the participation of national media directors as guests. The visit had a definite goal:

[Begin unidentified commander recording] First of all, we want the comrades to learn about the work we do, the actions we carry out in the territory—not only in the Army, but also in the territories of six provinces, where the Eastern Army is deployed. [end recording]

The five-point rating given by the Eastern Army commander to this infantry exercise and the satisfactory results achieved on the shooting range by Border Guard troops showed that the personnel's preparation has achieved even better results than last year. Equally magnificent were the efforts exerted to prepare the area of military operations, the implementation of techniques, the protection of weapons, tasks in which the Eastern Army maintains a vanguard position.

The Arturo Lince Gonzalez Agrarian and Livestock Enterprise in Sabanetas displayed the efforts carried out by local leaders to achieve food self sufficiency. It suffered losses last year, but it hopes to become feasible this year with higher production. We must not forget that the Eastern Army intends to double its food production, and finance almost a fifth of its budget.

[Begin recording] [Unidentified female speaker] I am quite pleased to verify that the FAR [Revolutionary Armed Forces] are very productive for the country; that it is an Army permanently involved in production activities for the country, thus setting an example of how to carry out production activities with controls, economic analyses, and efficiency.

[Unidentified male speaker] I have seen what the other Armies are doing, and I believe it will be a close tie because any of the three Armies can win. I, however, think there is a strong contingent—the Eastern Army. [end recording]

The Eastern Army's commander said it is rightfully called the best FAR command, and others will have to work hard to win that title.

[Begin Division General Ramon Espinoza recording] The FAR will be the winner even if we lose our title. [end recording]

Guantanamo has proven that this is possible, meaning that the Eastern Army will again win the title of best FAR command.

FAR Said Ready To Repel Any Offensive

FL2806011894 Havana Radio Rebelde Network in Spanish 2300 GMT 27 Jun 94

[Report by Leonel Perez Moya from Guantanamo Province for the "Exclusive" program—live or recorded]

[Text] The Eastern Army forces maintain their combat readiness to quickly and effectively repel any offensive action from the Yankee Marines posted at the Naval base in Guantanamo Bay. This statement was made today in the mountains by Division General Ramon Espinoza Martin, chief of the Eastern Army, upon concluding a tour of FAR [Revolutionary Armed Forces] military units and agrarian and livestock enterprises in Guantanamo Province.

Div. Gen. Espinoza remarked that increases in military personnel and combat measures have recently been observed in the U.S. military enclave, where maneuvers were carried out early this month and where there has been an increase in the arrival of ships and aircraft.

These movements may reflect preparations for a possible military invasion of Haiti. If this action takes place, it will worsen tensions in the Caribbean region, so FAR must be alert for any eventuality, Div. Gen. Espinoza said.

The visit began at the Antonio Maceo Border Guard Brigade, which is in charge of protecting the line of demarcation with the Yankee base. The visitors were able to observe the high morale that prevails among the fighters, who each day become more alert and prepared to reject any aggression.

Castro, Colombian Businessmen Review Trade

FL2706235094

[Editorial Report] Havana Cuba Vision Network in Spanish at 0033 GMT on 25 June carries a recording of President Fidel Castro's 16 June meeting with Colombian businessmen in Cartagena de Indias, Colombia, following the closure of the Fourth Ibero-American Summit. Castro is wearing a guayabera and is seated at a long table with various persons on either side, facing approximately 60 businessmen and officials who are attending the meeting.

President Castro begins the meeting with the following statement: "We are here full of hope for encouraging this fraternal, friendly spirit that has been created, the perspectives that have opened. The only thing I really deplore about this is that we are not the PRC instead of Cuba. Cuba is tiny; it is a small country, while the PRC is enormous, millions of square km, with a population of 1.2 billion. All the businessmen, industrialists, and investors want to go there, to the PRC. Cuba is small, but

we can certainly do something in Cuba. We can fulfill a principle, above all—to develop economic, friendship, cooperation, trade, and peace relations among nations. We can encourage economic and trade ties.

"We are willing to cooperate based on one essential thing, seriousness. I can tell you that whatever can be done in Cuba will be done with absolute and total seriousness by us. Since this is the case, I am sure you want to know about many things. I will not tell you about the summit. The newspapers have already reported it. Perhaps we can appoint a moderator. Whom do we appoint governor? No, not governor, [chuckles] moderator. He must play the role of governor to act as moderator here."

Castro and those seated at the main table speak softly among themselves and decide who will be appointed to act as moderator. Castro is heard commenting: "He must have tremendous experience."

An unidentified moderator in the front row stands and begins by "cordially greeting" Castro "on behalf of the business community in Cartagena and the region;" adding that "the resumption of diplomatic and trade relations between Colombia and Cuba" led to "unusual intensive activity. In Cartagena de Indias' case, this was a result of the declaration of sisterhood signed between Santiago de Cuba and Cartagena de Indias." He adds: "The Cuban ambassador and his cultural and trade" attaches have already visited Cartagena de Indias and participated in "a series of meetings that have already shown various excellent perspectives" between this region and Cuba.

The moderator says the meeting is being attended by representatives of many business groups in the region—large and small industries, hotels, stores, investment firms, fisheries, etc.—and "they want to comment on the possibility of establishing trade with Cuba. They also have questions concerning issues they have already reviewed with the Cuban ambassador," including "the mechanisms that will be implemented to facilitate these relations." The moderator asks businessmen to stand up, identify themselves, and give the name of the company or activity they represent.

Miguel Parra stands up, introduces himself, and says he is "the owner of Milpa Investments, which operates coal mines in the central part of the country" and has "been doing business with the Cuban company MAPRINTER [Cuban Raw Materials and Intermediate Products Import Enterprise], a branch of the Foreign Trade Ministry, for the last two years. Within this time we have sent 23 shipments—worth over \$4 million—of this product to Cuba, through the port of Barranquilla." Parra then mentions the medal he was given by the Cuban Government at the 1992 international fair in Havana, in a ceremony that was personally attended by Castro.

Parra specifically asks "the Colombian people, industrialists, and businessmen to have faith in Cuba, to believe

in Cuba, to pay little attention to international propaganda because, in our case and with the experience acquired in two and a half years, we have realized that what the international media shows is not reality. Cuba is a country with credibility; it is serious concerning its commitments, as the president has said. In fact, on three occasions, we shipped merchandise without a confirmed letter of credit. This does not mean Cuba does not have the money to pay because Cuba pays us when it pledges to buy something. Instead, due to the blockade we all repudiate, we have to go the long way around, through other countries, to legalize our operations in U.S. dollars; and this obviously delays the procedure. Today, in fact, we are sending a shipment of our product—coke coal—to Cuba and we are doing it without having received the letter of credit confirmed by the president. But I repeat, this does not mean you do not fulfill your pledges."

Castro says: "We can stay here as a guarantee." [laughter, applause]

Parra says he and Mayra Tomas, MAPRINTER official, already have plans to establish a port in Barranquilla that "will expedite coal shipments" and give priority to Cuban ships or any ships chartered in other countries, "to overcome the gap that has occurred in maritime transportation." He explains that Thomas has already managed to get various ships to send refractory bricks and other products to Cuba. He promises Castro that a port will legally operate in Barranquilla soon and that the facilities will be at his service so he may use them to ship all the Colombian products he wants to Cuba.

Castro says: "Thank you, thank you. [applause] Which Cuban industry is using this coal right now? The steel industry?"

Parra answers: "It is used to manufacture gas for domestic use; it is used in the steel industry, in foundries, to manufacture acetylene. It is specifically used by Minaz [Ministry of the Sugar Industry] industries...."

Castro interrupts: "And the metalworks industry and basic industry, particularly the one that manufactures gas for the population in an old plant we have over there."

The next speaker is Carlos Banegas, manager of Exclusive Minerals, who invites Colombian businessmen to buy Cuban products and explains that he is the local distributor of Cuban zeolite, which is used in the agriculture sector, "to manufacture fodder, soft drink filters, and beer filters." Speaking of trade with Cuba, he says his company has "imported 3,000 tons of zeolite this year" and has plans to import 5,000 tons by year end. Banegas says he is also the local representative for a new Cuban product, a vaccine to inoculate bovines against ticks. He said "protocol research has been conducted" and its sale should be approved in a month, when it will be available in the local market. Banegas adds that his company expects to initially sell "5 million doses of this vaccine in Colombia."

Banegas is followed by Freddy Lehner, manager of BIOLEHNER, local representative of the Genetic Engineering and Biotechnology Center's recombinant vaccine against hepatitis.

Castro turns to Banegas and asks: "What is yours?"

Banegas answers: "A vaccine against bovine ticks."

Castro adds: "Ah, yes, the vaccine against ticks. It is very important and yields good economic results."

Lehner says the Colombian Health Ministry has purchased "a large number of hepatitis B vaccine doses for a large-scale vaccination program" in the country; adding he is also the local representative for the Genetic Engineering and Biotechnology Center's (Eyverkinasa), which is a recombinant streptokinase used in case of a heart attack; (Evermin), which is an epidermic growth factor; and Interferon.

Castro states: "(Ateromixol) comes from another center. It is the famous PPG [expansion unknown]."

Lehner suggests that it be called (Ateromixol) in Colombia rather than PPG.

Castro replies: "Yes. Coincidentally, the name was arbitrarily invented when they were involved in its research. One day they went to register a product in Spain and discovered a product named PPG in Spain. Imagine, what a coincidence. So many letters, so many combinations; yet they could not register it as PPG, but it is known as PPG almost everywhere."

Lehner smiles and says: "I am always asked why the product is called PPG, but I still do not know."

Castro answers: "It was an arbitrary decision, yet people invent names for the PPG."

Lehner says his company is also the local representative for the Carlos J. Finlay Institute's meningococci vaccine, which was tested with "excellent" results in Antioquia, where 20,000 children were inoculated with doses donated by the Cuban Government.

Castro says: "That vaccine is important because meningococci disease sows terror. It is not only a matter of how many children are saved, which is priceless, but the fear this disease instills in the family. It involves millions of people, parents, siblings, uncles, everyone. Whenever a person sees a child with fever or any symptom, he immediately thinks about the possibility of meningococci. We eradicated that scourge, that terror in our country precisely as a result of that vaccine. The use of this vaccine has expanded considerably; it is being sold in Argentina. Its sale is being discussed with the Brazilians and other countries. It is a product with many perspectives."

Lehner explains that the Colombian authorities are working hard to inoculate children in rural areas and poor sectors, adding that meningococci cases have been

detected in Barranquilla, Buenaventura, Cali, and Cartagena de Indias, and every effort is being made so the people learn about this vaccine.

Castro states: "It is the only vaccine of its kind in the world. The same goes for the tick vaccine. It too is the only one of its kind. We have people working there, wracking their brains, to see how they can help the country counter its difficult situations. We have made important investments in the research sector. We are now completing the construction of a center that has already begun to produce monoclonal antibodies. These are tremendously important, not only for the diagnosis of diseases, but also for the struggle against cancer, where new theories and possibilities have appeared.

"I think there is a possibility of finding a cancer vaccine, above all, one dealing with viruses. The goal is to find specific antibodies that directly attack malignant cells because the medicine available right now attacks all the cells and has damaging side effects. Nevertheless, I think the center we are completing right now has a possibility of doing this because it will be one of the leading centers, one of the best centers in the world. I am glad we were able to help. I am glad we were able to meet; it is a pleasure. I am proud that [words indistinct] symbolically representing [words indistinct]"

An unidentified speaker asks about AIDS research in Cuba, to which Castro answers: "Yes, we are working on AIDS, too. Research began in the very beginning and we have achieved great success concerning AIDS. It is a terrible threat right now and apparently, it is very difficult to control because it is a mutant virus. A mutant virus is difficult because you may find the way to attack a specific type of virus—for example the flu virus—but if it mutates, it becomes another type of virus. [Words indistinct] using Interferon, an antiviral [words indistinct] from blood, and we have been using special measures to prevent its propagation because AIDS spreads like wildfire. Sometimes all it takes is one case to infect 30, 40, or 50 persons. People have a mentality. Sometimes they ignore this, granted, but we know of cases in which people know they are infected, but do not care if others become infected. The situation concerning that disease is truly dramatic and everyone has a responsibility to work on AIDS, cancer, parasites, and virus research.

"We are trying to find a multiple vaccine that immunizes a person against many diseases with a single dose. We are trying to do this through genetic engineering, which will perfect the vaccine. We now have the meningococci vaccine and the hepatitis vaccine through genetic engineering, just as we have the streptokinase through genetic engineering. Just see the difference between this and the natural product. Some people manufacture it from natural products, extracting the serum from people and all that, but what does a dose cost? \$1,500. How much does a dose of streptokinase cost? More than

\$300—I do not know what the current price is, but the cost is five times less when the same medicine is a result of genetic engineering.

"I am taking this opportunity to tell you that part of the medicine we currently export to Colombia is destined to pay some old debts that are still pending. We intend to honor our commitments and pay some debts this way. I believe the possibilities are many because you have a large population—30 million, or more than 30 million."

The moderator says: "33 million."

Castro exclaims: "How you have grown! You were half that many a few years ago. You also have different climates—tropical, temperate—and yours is one of the countries most concerned about people's health. Let me tell you, the recent Colombian Governments have been most concerned about health programs."

The last speaker is Rizo, president of the Cartagena de Indias Chamber of Commerce, who has reviewed Cuba's progress in the technology, science, and engineering sectors. Colombia has achieved various degrees of development, which entails various degrees of technology. Rizo says he "believes an enormous exchange of technology could occur between Cuba and Colombia in this concern," and he would like to exchange information with Cuban professionals, engineers, and consultation firms. This would enable them to carry out excellent work, both in Cuba and Colombia because "if there is something Cuba has done, it has been to improve the quality of people's lives. We still have a lot of people whose quality of life must be improved, and advanced technology is too expensive for them."

Castro asks: "Does this include low-cost housing?"

Rizo answers: "Yes, Sir."

Castro emphasizes: "You must work hard to find solutions, to build low-cost houses, as we call them."

Rizo says this also includes sewers, aqueducts, communication, roads, and all the services needed for a better lifestyle.

The meeting ends with Castro's statement: "I wanted to tell you I feel very satisfied about this meeting with you. The Fourth Ibero-American Summit has just been held. Its main goal was integration, and we are specifically working on issues dealing with our two countries' integration. We have achieved progress and who knows how far we can go—until one day we are fully integrated. We should strive to be fully integrated, and we must first do it with our neighbors. As I said, the flight from Havana to Santiago in a turbo-prop aircraft takes practically as long as the trip from Havana to Cartagena de Indias in a jet aircraft. I was astonished by this. I had not realized this even though I was here recently. This time, I sat down, read some papers, and chatted for awhile, and suddenly we were landing here. The communications revolution has brought us closer."

We are very similar, at least we are quite similar to the people in Cartagena de Indias, perhaps because we live in a warmer, more tropical climate. Maybe the people in Santa Fe de Bogota are not so communicative because they live on a plateau and it is colder over there. It is colder there, and I am told the city has grown so much and there is so much cement that it is now like Mexico City, where the average temperature has increased. We are very much alike however, and it is a truly promising step to discover there are so many possibilities for getting closer, working together, developing the economy together.

"Once again, we have reason to dream what our liberators dreamed of—that one day our Latin American nations would be united, a strong united front. We speak the same language, have the same culture, and we can speak here without translators. We know we can talk, while it is difficult to do this in the world today if you do not speak another language. If we have no other choice but to learn English, then we will learn English. In the end, it is not our fault that the English were great colonizers and spread the language throughout Asia, Africa, Canada, and other places. We will do this to speak with the others, with outsiders, but we only need to speak Spanish among ourselves—except for one or two words that have different meanings here and there. It is a language in which we can perfectly well understand one another. What an advantage this is for becoming closer, what an advantage for us to unite; what an advantage for becoming a union someday. When I have a meeting like this, I believe more than ever in the things I have always believed in. Thank you." [applause]

Two More Leave Belgian Ambassador's Residence

PA2706210394 Madrid EFE in Spanish 1941 GMT
27 Jun 94

[Text] Havana, 27 Jun (EFE)—Today, official sources reported that on Sunday [26 June], two Cuban citizens left the Belgian ambassador's residence in Havana. Sixty-nine of a total of 124 persons who jumped over the fence of the residence to obtain political asylum on 28 May remain at the diplomatic mission.

Since then, a total of 55 persons, among them several women and children, have left the diplomatic mission, accepting the guarantees offered by the Cuban authorities that they will not be subject to legal proceedings for entering the embassy.

A week ago, the Cuban Government announced it will not authorize the departure from the country of any Cuban who forcibly enters a diplomatic mission. A total of 21 persons remain at the German Embassy in Havana, while the eight occupants of the Chilean Consulate General left the mission last week.

UN Population Fund Signs 2 Research Agreements*PA2706213594 Havana Radio Havana Cuba in Spanish
0100 GMT 25 Jun 94*

[Report by Susana del Calvo from the "Evening Information Review"]

[Text] Cuba and the UN Population Fund signed two agreements aimed at carrying out research on the territorial distribution of the population and the dissemination of information regarding the various forms of contraception available to the Cuban population.

The ceremony is linked to the activities that will be conducted in Cuba on the occasion of world population day on 11 July. Both programs will receive a contribution of almost \$730,000 from the UN Population Fund and almost 2 million pesos from the Cuban Government. It is part of the cooperation program, which the UN Population Fund maintains with the island, which in the last four years has reached \$4 million. (Reiner Rosembaum), the UN Population Fund's director for Mexico, Bolivia, and Cuba, told us the following.

[Begin (Rosembaum) recording] I am very pleased to be able to practically initiate my work in Cuba with such a significant ceremony. Not only is it a great incentive for me, but with this program, we are in a position to fulfill the mandate of the UN Population Fund here in Cuba. We are also going to be able to meet the financial ceiling assigned to this country. [end recording]

One of the programs includes research work in rural areas in order to propose a coherent population distribution policy that can promote the stability of the population and its link to the social, economic, and environmental development of its surroundings. The object is also to seek new forms of territorial planning based on a greater and more efficient participation of citizens and institutions. This program will be carried out by the Physical Planning Institute of the Economy and Planning Ministry.

The other program is aimed at providing the largest amount of information to women and men of reproductive age about the various forms of contraceptive methods and family planning, which the country has available for its citizens. Among the purposes of this program is to voluntarily decrease the number of unwanted pregnancies and the dangers they present for women, especially for those under the age of 20. This program will be carried out by the National Sex Education Center linked to the National Assembly of the People's Government, the Public Health Ministry, and the Federation of Cuban Women.

Turkish Officials Discuss Trade, Financial Ties*FL2706141094 Holguin Radio Angulo Provincial
Network in Spanish 1600 GMT 23 Jun 94*

[Text] Prospects for Cuba and Turkey to expand trade, tourism, and financial ties were discussed recently in

Ankara. Both countries agreed during Ambassador Jorge Castro's [name and title as heard] visit to Turkey to hold a meeting between Cuban and Turkish businessmen. The ambassador discussed the development of bilateral economic ties and tourism investments and passed Ankara's mayor a message from Pedro Chavez, his counterpart in Havana, during the two-day visit.

Joint French Firm To Begin Oil Exploration*PA2706212994 Havana Radio Havana Cuba in Spanish
0000 GMT 27 Jun 94*

[Report by Alberto Santana from the "Evening Information Review" newscast]

[Text] The French-Cuban (Cupet-Geocaribbean) company will soon explore for oil in the coastal area of Ciego de Avila Province. The studies will involve areas in (Camba) Municipality. They will be conducted with modern technology which provides speedy and reliable information.

A local brigade has begun repairing and remodeling cabins and service areas of the Aguas Azules Motel, near the city of (Camba), where the (Cupet-Geocaribbean) technicians will be headquartered. The group will complete preparations for the installation this month with a view to beginning the geological study program in July.

The Pina field is being exploited in the central region of Ciego de Avila Province, located 460 km east of Havana. It contains Cuba's best quality petroleum, which is used to obtain basic oils.

Ambassador to UN Praises Group of 77*PA2706213494 Havana Radio Havana Cuba in Spanish
0000 GMT 25 Jun 94*

[From the "Evening Information Review" newscast]

[Text] Fernando Remirez de Estenoz, Cuban ambassador to the United Nations, has said his country applauds the Group of 77's resolve to continue contributing to strengthening the role of the highest international organization in promoting economic growth and development. Speaking to the ministerial level meeting on the 30th anniversary of the aforementioned group, the Cuban diplomat said the premises and principles that brought about the creation of that movement continue to be as valid and necessary as before.

Manley, Lazo Address Caribbean Businessmen's Meeting*FL2706223294 Havana Radio Rebelde Network in
Spanish 1700 GMT 27 Jun 94*

[From the "National Radio News"]

[Text] Esteban Lazo, vice president of the Council of State, gave the opening address at the second meeting of Caribbean businessmen in Santiago de Cuba. Lazo

stated that the main objective of this meeting is to contribute to increasing the level of economic and commercial relations with Caribbean area countries.

[Begin recording] [Lazo] We want to sell more in the Caribbean; we want to buy more in the Caribbean. We want to increase the presence of joint enterprises with Caribbean companies. We hope, above all, that these meetings can be the occasion and the place not only for Cuba's trade with the Caribbean, but for Cuba as a center of Caribbean trade, thus allowing us to convert Cuba, its eastern region, and Santiago de Cuba into a center from which we Caribbeans can trade and negotiate with the rest of the world. [end recording]

In his address, Michael Manley, Jamaica's former prime minister, condemned the U.S. blockade of Cuba:

[Begin Manley recording in English, with simultaneous translation into Spanish] I can say without hesitation that the embargo begins with injustice. I can go further in saying that it is contrary to international law. I go even further, in my statement that it is now maintained in defiance of the overwhelming UN vote. [end recording]

In another part of his address, Manley stated that history would be made with the creation of the Association of Caribbean States, which will come to life with Cuba's presence.

Other addresses during the course of the morning were delivered by Osvaldo Martinez, president of the economic commission of the National Assembly of the People's Government and director of the World Economic Research Center, and by Octavio Castilla, vice minister of foreign investments and economic cooperation.

Report on Visit of U.S. Citizens Group

PA2706213894 Havana Radio Havana Cuba in Spanish
0000 GMT 25 Jun 94

[From the "Evening Information Review" newscast]

[Text] The 200 North Americans who are visiting Havana in defiance of their country's laws have announced new trips to the island at the end of the year and in 1995 to pressure President William Clinton to lift that prohibition. In a news conference, the activists of the U.S. Freedom To Travel movement said that in the Clinton administration and Congress, there are those who support an end to the prohibition on visits to Cuba. They indicated that hundreds of people backed the bill and that in only one week, they collected \$25,000 to make the trip after the Treasury Department's decision to freeze \$43,000 of the organization's bank account. They emphasized that Freedom To Travel is composed of 50 organizations from 25 states and is committed to ending the restrictions on visiting Cuba and lifting the economic blockade.

The group, which will stay on the island until 30 June, plans to visit sites of historic and social interest and meet with Cuban officials.

We hope that the Freedom To Travel group will achieve its objective of changing the unjust laws with which the U.S. Government seeks to prevent visits by U.S. citizens to Cuba, Medea Benjamin, executive director of the Global Exchange Project, said in Havana. In remarks to this station, the spokesperson of the group said this second defiant action is greater than the first and that something very important has been achieved in recent months: a Congressional resolution that stipulates that the president cannot restrict the U.S. citizens' rights to travel. Medea Benjamin added that through these trips, the members of the group can confirm the Cuban people's affection and verify how irrational and unjust the U.S. policy against Cuba is.

Last year, the Freedom To Travel group made its first visit to the island, and, when it returned to the United States, many of its members experienced coercive measures, such as having their passports withheld and their bank accounts frozen and even being threatened with imprisonment.

Official on Progress Report Meetings, Results

FL2806020494 Havana Radio Rebelde Network in Spanish 2300 GMT 24 Jun 94

[Interview with Idalberto Acuna, president of the People's Assemblies in Centro Havana Municipality, by Gisela Bel Heredia for the "Exclusive" program—live or recorded]

[Text] [Bel Heredia] I am here with Comrade Idalberto Acuna, president of the People's Assemblies in Centro Habana Municipality. Idalberto, we would like you to explain the progress report process and its results in the municipality you represent.

[Acuna] Well, the progress report meetings began in mid-May in our municipality. We had scheduled 308 meetings, but I believe the most significant thing is not the number of meetings or the fact that a program was carried out, which I can readily say has been carried out according to schedule. I believe the most interesting thing in this progress report process is the people's participation. They have always participated but, based on the guidance received from the National Assembly of the People's Government [ANPP] in connection with deputies, ANPP province delegates, administrative officials, chiefs of distribution centers, officials in the service, gastronomy, and trade sectors, everyone who is part of the great ANPP system actively participated.

[Bel Heredia] Idalberto, referring to the main proposals and the main topics analyzed at the meetings that were held in the different districts and groups, what areas did they mainly deal with?

[Acuna] The same ones that are definitely more important nowadays—electricity, gas, aqueducts. There is something I want to clarify, however. They have dealt with issues that were already discussed in other assemblies; for example, products missing from warehouses. This was not a significant issue, and we think we have yet to receive a report on this. That is definitely an achievement and we have made sure that people get their supplies, to prevent the type of problems that previously occurred.

We have received some proposals concerning the gastronomy sector, mainly dealing with the distribution of hamburgers, pizzas, and other products. We have reviewed innumerable formulas to see which ones are definitely more acceptable.

[Bel Heredia] Idalberto, if you had to make an assessment of the process that is about to conclude, what would you say about Centro Habana?

[Acuna] We think it has been a superior progress report process. It has been superior because we have even ascertained the support given to the measures recently implemented in the country. In fact, it not only deals with the measures that have already been implemented; it also involves all the work carried out in each district, which is confirmed by the documents sent to the ANPP. They prove that the support has been absolute.

New Prices for Gasoline To Be Implemented 1 Jul

FL2706214894 Havana Radio Rebelde Network in Spanish 1700 GMT 27 Jun 94

[From the "National Radio News"]

[Text] As of 1 July, the Ministry of Prices and Finance, through the 23 June Resolution No. 8, will establish new prices for fuels that are sold for personal use through fuel ration cards. The prices, agreed upon by the executive committee of the Council of Ministers are: 1.20 pesos per liter for special gasoline; 1 peso per liter for regular gasoline; 75 cents per liter of gas oil or diesel.

The resolution establishes that the money will be collected when the private-use fuel ration cards are issued to consumers in the places designated by the enterprises that are authorized to operate the service centers. The fuel ration cards will be given out, in the same manner as before, according to Cuba's fuel supply.

The enterprises that will supply and charge for the fuel ration cards for private use will guarantee that they have no expiration date and that those not used by year end, for any reason, can be renewed during the period that the said enterprises establish. A private vehicle owner who has a 1994 fuel ration card when the new prices become effective can renew them before 31 July 1994 in the same place where he got them. He will have to pay the difference between the old and new prices.

Provincial Clinics Continue Distributing Vitamins

FL2706114194 Holguin Radio Angulo Provincial Network in Spanish 1600 GMT 16 Jun 94

[Text] Clinics continue to distribute Neovitamin II pills for free in the province, following the arrival of new shipments of this product. The vitamin's sporadic distribution over the past two months has been corrected. Health personnel want to maintain a steady supply of this preventive complex, as has been done for several months. The people are reminded of how important it is to take Neovitamin II, which is rich in B complex and other vitamins the body needs.

TRABAJADORES Views Labor-Management Cooperation

FL2706231194 Havana Radio Reloj Network in Spanish 1402 GMT 27 Jun 94

[Text] On 27 June, TRABAJADORES newspaper published an editorial entitled "Administration is the Art of Mutual Cooperation for a Common Goal." If the administration is not efficient in this aspect, there is no chance of success, even with the proper resources, or even if there is a guaranteed demand for the product. Cuba is different from the majority of Latin American countries and thanks to wise, humanitarian policies, has a population with a high educational level. Nevertheless, for various reasons, including administrative errors, that enormous resource is seldom fulfilled today.

The editorial adds: These causes relate to the depressed state of our economy and the nonexistence or inadequate systemic structures within the administration of the enterprises. Although this does not justify administrative errors, it is true that the improper use of human potential in our work centers is in part due to what many call the spider web, a thick bundle of structures, mechanisms, formulas, and outdated regulations that deprive management of the autonomy, authority, and capacity for decision-making.

TRABAJADORES points out, however, that many of these administrators use this situation to evade responsibility for the results of their work and display very little initiative. Under today's difficult conditions, two very different attitudes are clearly observed among administrators—those who justify themselves, and those who work. Those who do the justifying are experts at inventing excuses for their management problems—I was not oriented, they did not comply. The economic efficiency assemblies, among other merits, classify the groups to which the administrators belong—either to the group that is expert at excuses, or to that which struggles and strives to achieve respect within a collective that needs managers, not rehearsed excuses.

The editorial adds: When the workers do not have water to quench their thirst, when there are excess workers or when there are not enough workers for the needed production, when there is unused land that is not organized for self-sufficiency planting, the administrator is

responsible. When the by-products of the primary production are not utilized or equipment is underutilized, fundamentally, the boss is responsible. Attention to man, in the broad sense of the concept, forms an essential part of the administrative function—the ability to reach goals through the conscious cooperation of a collective of workers. All our administrators should understand that attention to man, communication with workers, and joint action does not depend on the amount of a material incentive because the human will is not merchandise.

The TRABAJADORES editorial adds: To win the will of the workers, practical, systematic, and daily action is needed to establish that the workers are the principle protagonists. They are the ones who possess the greatest reserve of economic and technological talent. They are the ones who can judge whether or not administrative management serves national economic interests and the workplace.

The editorial concludes that these analyses have come about in the efficiency assemblies and are not meant to distance administration from the workers, but rather, to unite them in a joint project.

Commentary on 'Great Strides' in Basic Industries

PA2706185094 Havana Radio Havana Cuba in Spanish
0000 GMT 25 Jun 94

[Commentary by Roberto Morejon from the "Evening Information Review"]

[Text] The seminar on business opportunities in Cuba, sponsored in Havana this week by the British magazine THE ECONOMIST, revealed the great strides that have been made by the foreign investment process in Cuba's basic industry.

The basic industry sector includes eight [number as heard] branches: the production of oil, nickel, glass, paper and paste, as well as chemistry and mining geology, which have been offered to potential investors over the past few years for exploitation.

As a result of these negotiations, thus far, Cuba has signed 26 contracts for mineral exploration and exploitation, two for administrative functions, one for the exploitation of copper in Pinar del Rio Province, and two partnerships have been established to conduct feasibility studies of gold, lead, and zinc deposits.

These agreements, which cover 50 percent of the area up for bid, include work over an area of approximately 40,000 square km of national territory; they do not include agreements for the exploration and extraction of oil. This is another branch of the basic industry that has made serious progress in the field of partnerships between the state-owned Cuba Petroleum and foreign firms.

Regarding oil exploration, 16 of the 33 high expectation blocks into which the country has been divided, have already been contracted to French, Canadian, British, and Swedish firms and, according to Basic Industries Minister Marco Portals, all of the blocks will have been contracted out by the end of the year.

The nickel industry, meanwhile, is in the process of increasing its production after a strong decline that began following the severing of ties with Eastern Europe, which was its primary buyer. Cuba diversified its nickel markets and today exports the mineral to 26 countries. Thanks to economic partnerships with Canada, The Netherlands, Great Britain, and Italy, and the efficiency of Cuban specialists and technicians, production will increase this year. Thus, the growth of vital branches such as oil, nickel, and cobalt production is guaranteed by economic partnerships with foreign firms, none of which, in fact, are from the United States.

Therefore, the economic blockade it decreed against Cuba has backfired on the United States, which is now deprived of participation in attractive business opportunities.

Haiti

Bank Governor Denies \$500,000 Cedras Withdrawal

FL2706211394 Port-au-Prince Signal FM Radio in French 1030 GMT 27 Jun 94

[Text] Bonivert Claude, governor of the Central Bank of Haiti, denied the allegation that General Raoul Cedras withdrew \$500,000. THE WASHINGTON POST had asserted that the head of the Haitian Army, Gen. Cedras, had withdrawn \$500,000 from whatever strong currency remains in the Haitian central bank. Quoting government officials and members of Haitian banking circles, the newspaper explained that the reasons for this withdrawal were not clear. Claude exclaims: This is impossible! The general does not have an account at the Central Bank. Claude further pointed out that the bank is concerned with the currency problem affecting the Haitian financial system, and looks for a quick solution to this problem.

Aristide on Invasion, Notes Military's Measures

FL2706191694 Port-au-Prince Signal FM Radio in French 1030 GMT 27 Jun 94

[Report by correspondent Jacques Maurice]

[Text] Father Jean-Bertrand Aristide opposes U.S. intervention in Haiti as a means for his return to power. Father Aristide told U.S. public radio on 25 June that he would never return to power by way of intervention, which the United States does not rule out if the latest measures do not have the desired effect. Jacques Maurice reports:

[Maurice] President Jean-Bertrand Aristide has finally spoken his mind about threats of U.S. military intervention in Haiti. The former Saint-Jean Bosco parish priest expressed opposition to military intervention in his country a few hours after the latest U.S. measures—aimed at commercial flights and financial transactions—took effect. He noted that the Haitian Constitution forbids him from making such a request. The president-in-exile said: I oppose military intervention and military occupation. Aristide called for a surgical strike to dislodge the military in power in a NEW YORK TIMES interview. I will never, never, never return to power by way of intervention, President Aristide added, explaining that he has always opposed the idea of U.S. military intervention. Aristide opposed establishing a Haitian army-in-exile aimed at overthrowing the military regime in power in Port-au-Prince. On 3 June, the ousted president insisted on quick and determined U.S. action to remove those responsible for the coup d'etat, but within the scope of the Governors Island agreement signed on 3 July. Aristide has clearly expressed his position on U.S. military intervening in Haiti to restore him to power. This is not the Clinton administration's opinion. The U.S. President still does not rule out military intervention in Haiti if international sanctions do not force the military in power to surrender.

Both sides are prepared. The U.S. armada remains anchored in Haitian territorial waters. A plane is conducting reconnaissance flights in the southeast. U.S. crews are nearing the northern coast and are imposing their authority. (?Border guards) are ready to help in case of failure. Thousands of Dominican soldiers patrol the Haitian-Dominican border, soldiers who could not stop trafficking in gasoline, yet could kill a young Haitian trying to cross into the Dominican Republic.

The Haitian military is also prepared. Troops are mobilizing, garrisons are being visited, demonstrators are protesting intervention, homage is being paid to ancestors, and 1,001 strategies are being prepared. A military official, who has asked to remain anonymous, said that more civilians than can be imagined are ready to fight alongside the military. Another official said that the Haitian Army has prepared many surprises for the invaders.

The U.S. Government is considering two alternatives: to launch a campaign on the airwaves to promote discord within Army ranks and well-to-do Haitians to rise up against military officials or intervene militarily to restore democracy but not to return Aristide to power.

Port-au-Prince Mayor Warns of Threat of Invasion

PA2806034494 Madrid EFE in Spanish 0125 GMT
28 Jun 94

[By Herold Jean-Francois]

[Text] Port-au-Prince, 27 Jun (EFE)—Today, Port-au-Prince Mayor Evans Paul contacted the mothers, wives, and sons of military personnel, urging them to

make their relatives in the Army understand the severity of the Haitian situation and the real threat posed by a potential foreign invasion.

The letter sent in the name of the Democratic Unity Confederation (KID), presided over by the Port-au-Prince mayor, requests that the relatives of military personnel intervene to explain to the military that the Armed Forces does not have a Charlemagne Peralte or a Pierre Sully at this time. Peralte was a hero of the resistance against the 1915 U.S. invasion and Sully was a soldier who defended his position during the U.S. landing in July 1915.

"They cannot continue to threaten a tiger with a pin," Paul said in reference to the "de facto" government's threats to the United States through which it has warned against military intervention.

The KID letter says, "The lives of most members of the military are in danger," adding, "The personal interests of a few people are to blame for this." KID is linked to the National Front for Change and Democracy, the coalition that led President Jean-Bertrand Aristide to power. President Aristide was ousted by a group of military officers headed by General Raoul Cedras in September 1991.

The letter adds that there is no democracy within the Armed Forces, and it tells the mothers, wives, and sons of military personnel that Gen. Cedras should explain to them why he is endangering the lives of their relatives.

"Ask him what good the coup d'etat has done for the people, the Army, and the country over the past 33 months," Paul says in his letter. In it, he also asks Cedras to present evidence in connection with the alleged deaths of military personnel during the seven months of Aristide's administration.

He also suggests that the relatives ask about the number of military personnel who have been "murdered, disappeared, exiled, imprisoned, or expelled from the ranks of the Army simply because they were accused of favoring the lavalas after the 30 September 1991 coup d'etat."

Paul urges the relatives of military personnel to explain to their kin that they are part of the Haitian people and must not obey those who are ordering them to repress the people. He also notes that they should ignore those who pit them against the defenders of the people's rights.

In the letter, Paul says they should ask Cedras to respect the commitment made when he signed the Governors Island Agreement in New York; to resign from his post; and, in turn, to help avert foreign military intervention. Paul sent a similar letter to Gen. Cedras last week.

Union Leader Arrested Following Explosion

*FL2706191594 Port-au-Prince Radio Metropole in
Creole 1045 GMT 27 Jun 94*

[Report by correspondent Jean Obed Maturin from
Jeremie]

[Excerpts] Sofonie Paul, 1, and Dieula Paul were killed and Tortila Paul, 9, was slightly injured in an explosion over the weekend in their courtyard in Caracolie, a residential neighborhood in Jeremie. Military authorities in Jeremie have arrested several people as part of their investigation. Among those arrested: Serge Paul, a well-known labor union member and Federation of Haitian Workers [CTH] coordinator in Jeremie; Paul's

wife; and many of Paul's relatives. Paul is the father of the two young victims of the explosion. Military authorities also arrested for questioning several union members from Port-au-Prince who were staying at CTH premises in Caracolie. While the union members and Paul's wife were released after a night in jail, the military authorities continue to hold Serge Paul. Mrs. Paul was very shocked at losing her two daughters. [passage omitted]

The explosion cut the girls to pieces but caused no property damage. Military authorities in Jeremie have not yet confirmed via press release whether it was a homemade bomb or a grenade, as it is rumored. The two girls were mourned over the weekend. [passage omitted]

Report Highlights Reaction to Carpizo Decision

PA2706164394 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 27 Jun 94

[Report by Raul Rodriguez and Cynthia Friedman from the "Early Morning" newscast]

[Text] [Rodriguez] Jorge Carpizo's resignation, which was announced on Friday, was followed by reactions from the country's various social and political forces, which voiced their support for Carpizo to remain in his post, particularly in light of the coming elections. Immediate approvals also followed the announcement that Carpizo will continue as head of the Interior Secretariat. The Institutional Revolutionary Party [PRI] Executive Committee and PRI presidential candidate Ernesto Zedillo indicated that this decision strengthens the conditions of legality, transparency, and impartiality vis-a-vis the coming elections.

[Begin recording] [Unidentified reporter] What do you think about Carpizo's decision to return?

[Zedillo] We are very pleased because it is on behalf of democracy.

[Reporter] How does the PRI view this decision?

[Zedillo] It is excellent. We expressed our discontent immediately after the announcement of his resignation and asked both Carpizo and President Salinas to reconsider the matter. We are very pleased our request was heeded. [end recording]

[Friedman] Diego Fernandez de Cevallos, presidential candidate for the National Action Party, said that Jorge Carpizo's decision to remain as interior secretary is praiseworthy. He noted that upon his return, Carpizo will have increased moral strength and social support. Fernandez added that his return will benefit democracy because Carpizo is an honest and highly respected man who enjoys considerable support.

[Rodriguez] Jorge Gonzalez Torres, presidential candidate for the Mexican Green Ecologist Party, stated that any changes made with regard to the Federal Electoral Institute [IFE] would crush whatever democratic achievements have been made. Carpizo's decision to remain in his post is, therefore, timely and very significant for Mexican politics.

[Friedman] Pablo Emilio Madero, presidential candidate for the National Opposition Union, stated that Jorge Carpizo is a positive element and that his work in the IFE leadership as interior secretary should not remain unfinished.

[Rodriguez] Cecilia Soto, presidential candidate for the Labor Party, noted that Carpizo's decision is a sign of confidence for the citizens and the political parties. She added that Carpizo's resignation would have thwarted the electoral reform implemented thus far and would have been a difficult mistake to mend.

[Friedman] The Cardenist Front for National Reconstruction Party [PFCRN], meanwhile, praised Carpizo's decision to remain in his post. PFCRN presidential candidate Rafael Aguilar Talamantes indicated that Carpizo's change of heart shows great patriotism, wisdom, and dignity.

[Rodriguez] In the meantime, the National Brotherhood of Christian Evangelical Churches made a respectful request for Carpizo to publicly denounce Mexico's enemies and those sectors of the party that hinder Mexico's political evolution. They also conveyed to Carpizo their admiration and support for him to remain in charge of the Interior Secretariat and the IFE.

Salinas 'Pleased' With Carpizo's Decision To Remain

PA2706144194 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 27 Jun 94

[From the "Early Morning" newscast]

[Text] President Carlos Salinas has said he is very pleased with Dr. Jorge Carpizo's decision to continue as interior secretary and president of the Federal Electoral Institute. The president also expressed his satisfaction with the people's support for Dr. Carpizo, support which demonstrates, he has said, the broad resolve to progress with democracy in accordance with the law and without violence. Salinas has also reiterated his total support for Dr. Carpizo to continue leading the electoral process in the next few months.

Salinas said the recent public expressions of support for Dr. Carpizo's independent, party, and honest attitude reaffirm the conviction the country will meet the task of holding clean and impartial elections in accordance with the law and with respect for the country's political pluralism.

Interior Secretary Not To Hold Another Post in Future

PA2706144094 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 27 Jun 94

[From the "Early Morning" newscast]

[Text] On 26 June, two days after making the announcement, Interior Secretary Jorge Carpizo withdrew his resignation. In fact, there was considerable expectation over the weekend over the outcome of Carpizo's announcement on 24 June. It was announced that same day that Carpizo and President Salinas would discuss the matter on 25 and 26 June. Saturday was a long day of waiting and the following letter addressed to the president and the general public was released on 26 June at noon. The text of the letter follows:

1. Due to the decisive support I have received from ample sectors of society, the president of the republic, political parties, and nongovernment, professional, and

academic organizations, and in order to dispel the belief I am acting irresponsibly and unpatriotically, I will remain in the post of interior secretary to fulfill the inherent duties of that post during the federal electoral process.

2. I hereby confirm the commitments established in the agreement signed by eight political parties and myself on 27 January 1994 regarding democracy, justice, and peace. Likewise, I guarantee my impartiality, which I intend to firmly maintain. To do this, I will require the support of the general public and political parties so that there will be no further speculation concerning the party to which I referred in my letter of resignation. Any disclosure on my part at this time would seriously affect my impartiality and the duties I must carry out in the forthcoming electoral process.

3. I will continue to strictly adhere to the de jure state by holding clean, reliable, objective, and honest elections.

4. I hereby affirm my current post is the last political post I will hold during my lifetime. I will not, under any circumstance, hold a political post in the future.

5. I urge all Mexicans to strengthen our de jure state, to always speak the truth, and to make political civility and mutual respect govern our actions. In my opinion, these principles constitute an irreversible commitment.

Dr. Jorge Carpizo concluded his letter by thanking the general public, the president of the republic, and the political parties for their support in urging him to continue as the head of the Interior Secretariat.

EZLN Extends Operations; Estates Occupiers Arrested

PA2706131694 Mexico City UNOMASUNO in Spanish
24 Jun 94 p 15

[Report by correspondent Juan De Dios Garcia Davish]

[Text] Tuxtla Gutierrez, Chiapas, 23 Jun—The Zapatist National Liberation Army [EZLN] has extended its operations 15 km into Ocosingo, Altamirano, and Las Margaritas, where it has intensified its rustling and looting. Jorge Constantino Kanter, a leader of the cattle ranchers, has reported here. Meanwhile, the State Prosecutor's Office has arrested 127 members of the State Council of Indian and Peasant Organizations [CEOIC] who have occupied seven estates.

Constantino Kanter and the president of the State Federation of Small Rural Owners, Fidel Enrique Culebro Trejo, have confirmed they will stage a sit down protest in front of the Government Palace tomorrow to demand that the state and federal authorities clear at least 200 estates that have been occupied since the beginning of the armed conflict by Zapatists or CEOIC members. Laura del Carmen Mayagoitia Penagos, owner of the Granja de la Paz Estate in Simojovel Municipality, has announced she will start a hunger strike.

Culebro Trejo said that even though they will not obtain positive results to their demands, they will avoid a confrontation with the Zapatists and the CEOIC squatters inasmuch as "this would be a mistake." In this struggle, we will defend ourselves legally.

To this effect, Constantino Kanter has said the Zapatists have again started to collect war taxes for the mobilization of animals or traffic, which, in addition to the lootings, has increased uncertainty because there are no kinds of guarantees.

Both men have said they will be joined in their protests by at least 1,200 Tzotzil, Tojolabal, and Tzeltal Indians who have fled to avoid being enrolled in the EZLN ranks. These Indians live in unhealthy conditions, even though they have homes in which to live, but these are in the area of conflict.

Meanwhile, early this morning, public security officials and judiciary policemen began to clear out the seven estates that grow export products. They arrested 127 people and charged them with private property damage, association with criminal intent, and misappropriation. During the operation to clear out the estates of Ojo de Agua, Chiquita, Chacatelje Tobruc, Argelia, and Pinotepa, all in Mazatan Municipality, the authorities arrested 102 people and 25 others on the El Rincon Coffee Plantation. All of these individuals were turned over to the Attorney General's Office by State Prosecutor Arturo Becerra Martinez and Police Coordinator General Augusto del Pino Estrada.

During the operation to clear out the estates, the police seized machetes and knives and destroyed rustic shacks that had been built of wood, palms, and plastic. The shacks had banners reading: "We demand respect for land occupations; CIOAC [expansion unknown], CNPA [National Coordinating Board for the Ayala Plan], CEOIC. We will win with the unity of the poor."

According to a spokesman for the State Prosecutor's Office, the operations to clear out the estates were ordered following the charges raised before this office. The land and estates were returned to Rodolfo Flores Garcia, Rolanda Stivajet Corral, Roberto Fourzali Moises, Alfredo Sanchez Gomez, Pedro Rene Bodegas, and Bernardo Pholenz Krauze.

Police Coordinator General Augusto del Pino Estrada has reported that to prevent further land occupations, special surveillance measures will be established in Mazatan Municipality to guarantee security.

Hermino Verdugo Munoz, regional CEOIC leader, has advised if they have not received clear responses to their requests by tomorrow, they will take over the international bridges linking Mexico with the Central American Isthmus, and they will block entries to six municipal capitals of the coastal area.

President Salinas on State, Federal Allocations

PA2606021094 Mexico City UNOMASUNO in Spanish
22 Jun 94 p 13

[Report by Victor Torres]

[Text] Campeche, 21 Jun—President Carlos Salinas de Gortari announced that nearly 1.2 billion new pesos will be allocated to the states. The president also indicated that in the past five years, revenues other than those derived from crude oil have increased 34 percent in real terms and the number of taxpayers that are not salaried workers has more than tripled. In addition, he urged all taxpayers not to avoid paying their taxes so that those most in need may enjoy the benefits resulting from an increase in social expenditures.

During the closing of the 26th National Tax Revenue Officers Conference, the president explained that fiscal collection for social expenditures has increased, and that federal taxes have been cut by half. In addition, individual and commercial tax burdens have been lowered and tax limits have also been reduced. He added that seven out of every 10 new taxpayers have been included during the current administration.

During the event, which took place at the Francisco de Paula Toro Theater, the president pointed out that federal government allocations to the states have increased more than 25 percent since 1989. He also reported that there would be a 55 percent increase in transfers to the eight states with the most pressing needs.

The president explained that a more balanced state-federal government relationship has been sought through the signing of clear-cut agreements with each state government. In this respect, he mentioned agreements involving such subjects as joint value added tax supervision, election list verification and obligations fulfillment, full supervision of the vehicle ownership and use tax, and even municipal participation as it relates to toll bridges operated by the federal government.

Salinas de Gortari, who arrived from Puebla and is scheduled to leave for Aguascalientes, commented that "we have supported the local fiscal administrations in order to reverse falling trends in local traditional sources of revenue, especially the real estate tax.

With respect to additional resources to be distributed among the states, the president of the republic stated that the Finance and Public Credit Secretariat had estimated the annual adjustment of the resources corresponding to 1993, as well as that corresponding to the first quarter of 1994. According to the president, "fortunately, just as in the case of last year, the difference is in favor of the states of the Federation."

He explained that adding the concepts of the 1993 adjustment and that of the first quarter of 1994 means that the states as a whole will have additional resources totalling approximately 1.2 billion new pesos. He

stressed that, in order not to create any uncertainties, every state without exception has balances in its favor.

The chief executive, who arrived in this city during a heavy downpour, listened as Finance Secretary Pedro Aspe explained the progress made in fiscal issues and State Finance Secretary Maria Teresa Patron, representing fellow her colleagues, made an assessment of the issues discussed during the meeting.

Salinas de Gortari stated that progress had been made in modernizing the state's tax and allotment system. He said: "We have done it on the basis of more justice and efficiency to benefit more Mexicans."

It has been possible to collect more in order to have more real revenues to meet the demands of expenditures for social progress in Mexico. If not, how will we build more schools? How will we provide more potable water and electrical services to the millions of Mexicans who have started to receive benefits? How will we be able to start building a hospital every three weeks, construct the largest number of housing units in the country's history, or increase spending in education to its highest level this year, or during this century, as it relates to GNP?

The president explained that, at the beginning of his administration, there were 19 or 20 federal taxes and that the number has now been cut in half. In addition, the rate of those taxes still in effect has also been cut.

Salinas told the country's tax officers that the specific point at which individuals begin to pay their tax obligations has been cut and that "at the same time, rates have been cut and base rates have been widened, which has always been the main concern of everyone committed to tax fairness." He pointed out that seven out of every 10 taxpayers were incorporated during this administration.

The president provided more details: As relates to the real estate tax, 0.3 percent of GDP was being collected two decades ago and the ratio has fallen to 0.02 percent. In this respect, a trend reversal has taken place, which means that some municipalities have been able to increase revenue collection by 100, 200, and even 400 percent. Today, real estate tax revenues have increased to nearly 0.3 percent of GDP.

"Let us not forget that countries with development levels that are similar to ours have collected about 2 percent of GNP in property taxes each year. In other words, we have a lot of ground to cover, especially with regard to the local effort, and at the federal government level we are ready to support you in all those efforts that will allow you to obtain greater resources through this traditional source of local revenue," Salinas added.

Finally, President Carlos Salinas de Gortari reaffirmed the goal of maintaining an equitable relationship between the federation and the states, attaining more equity and efficiency, and, above all, keeping alive the possibility of improving ways of meeting the valid demands of fellow citizens.

Bank of Mexico To Maintain Monetary Policy

PA2606025994 Mexico City EL FINANCIERO in
Spanish 23 Jun 94 p 7

[Report by Jesus Rangel M.]

[Text] The Bank of Mexico [Banxico] does not intend to devalue the peso in relation to the dollar or alter its monetary and exchange policy. In addition, the bank will handle interest rates, exchange rates, international monetary reserves, and other variables to counter exchange market speculation brought about by the political climate and international financial instability.

The bank says it has not changed its pledge to the Congress on monetary policy, according to which, at the end of the year, the difference between the lower and upper limits of the floating rate would be 13.9 percent with a daily decrease of 0.0004 and the exchange rate would close at 3.4760 pesos.

Official and private sources have reported that international monetary reserves at present exceed \$26 billion, more than \$1.5 billion above the figure at the end of 1993, and that reciprocal credits, which were granted by Canada and the United States to shore up Mexico's monetary stability and which are worth nearly \$7 billion, have not yet been used up.

The sources said that, despite difficult circumstances, political concerns, in particular, the flow of foreign capital into the country remains constant and that this situation will continue as long as the macroeconomy remains steady. This has helped keep the interbank exchange rate within the limits of the central bank's intervention guidelines.

The bank reports that, until 11 June, government securities in circulation—treasury certificates [cetes], federal government development bonds [bondes], treasury bonds [tesobonos], and adjustment bonds [ajust-abonos]—and in the hands of foreign investors amounted to 76.791 billion new pesos, the largest amount since 5 April and the equivalent of 31.81 percent of the total. In addition, stocks of Mexican enterprises operating abroad continue to be bought in the stock market.

In the past 15 days, Banxico has countered speculation on the Mexican peso, mainly through interest rates and the issuance of treasury certificates and bonds for amounts below the investors' demand, as was observed in the most recent two auctions.

The Bank has allocated larger amounts of the issuances less in demand, those to mature in 28, 182, and 364 days. Also, the bank applies a mixed policy regarding interest rates; it lowers the rates on short-term issuances and maintains or raises them slightly on the issuances that mature in 182 and 364 days. A small amount has been made available for the more popular issuances, those that mature in 91 days. Furthermore, the bank lowers or

raises the interest rate with these instruments as necessary to control speculation. The yield rate of treasury bonds has even been reduced.

The trend toward stability in financial markets was disrupted by Luis Donaldo Colosio's assassination on 23 March. Since then, the bank has used either an interest rate policy—the Bank even establishes ceilings—higher exchange rates within the flotation rate, monetary reserves, or other variables to deal with instability and speculation.

The sources consulted also described as wild the devaluation suggestions presented by economist Rudiger Dornbusch because, the sources said, this policy is not necessary to increase exports and because the dollar's devaluation regarding other currencies improved the competitiveness of Mexican exports to Europe, Asia, and Japan.

Banxico pointed out that its main goal is to strengthen monetary stability, that the effect of a devaluation would be more negative than positive, and that such a move would create considerable mistrust among the economic agents and the people in general. The Bank closely monitors the status of foreign markets and their effects on the local market in order to counteract any incoming turbulence, particularly because of the departure of large speculative capital from repercussions, in an operation that seeks to make quick profits, especially in emerging markets.

Article Views Weaknesses of Economic Program

PA2506170694 Mexico City EL FINANCIERO in
Spanish 21 Jun 94 p 26

[Article by Luis Acevedo Pesquera]

[Text] The political events of the past five and a half months of the final year of the current presidential term have made the vulnerability of and lack of confidence in the Mexican economic program obvious to local and foreign investors.

According to data provided by the SHCP [Finance and Public Credit Secretariat], the INEGI [National Institute of Statistics, Geography, and Information Science], the Bank of Mexico, and private consulting companies, the federal government will support the awaited economic takeoff by reprogramming public expenditures for the rest of 1994.

Reaching satisfactory statistical levels with export revenues has also been taken into account, although this mechanism has created something of a paradox, because the economic opening, by replacing consumer expenditures, has failed to remove the obstacles that impede domestic production and job creation.

Authorities believe that domestic supply and demand will improve by year end thanks to a combination of

these two factors; namely, current public expenditures, estimated at "to what prudence dictates," and revenues from exports.

To that effect, the GDP is expected, statistically speaking, to reach an annual growth rate of 1.0 to 1.9 percent. That is the best case scenario.

But even if the economic recovery were to reach the best estimates for the whole year, the population's demand for jobs would still not be met and would increase the government's social debt that has accrued throughout the current presidential term.

According to these sources, the reorganization of expenditures and export revenues, in theory, would achieve the ultimate goal of formally reviving the basic indicators: supply and demand. Abel Hibert, an analyst for Vector Brokerage House, says that statistically speaking, this recovery is important because the two indicators represent 80 percent of GDP.

The analyst added that based on the gap in which public spending growth multipliers operate, it is conceivable that "the national economy will grow at reasonable rates" beginning in the fourth quarter of the year. This will be possible insofar as the best possible scenario includes complete political stability.

Despite the sectorial heterogeneity, official reports on the first semester of 1994 indicate that the economic deceleration has already reached its lowest point. Nevertheless, the reactivation strategy adopted at the beginning of the year has yielded none of the expected results. Domestic consumption has stagnated, the strongest evidence of which is the commercialization of durable goods. Domestic sales in the automotive industry dropped 11.1 percent from January to April, a situation that has continued since the third quarter of 1993.

The outlook is no better for nondurable goods. Perhaps the situation has been aggravated by imported goods, which divert consumer preferences and lead to serious contradictions in local production by swelling inventories and deterring productive investment.

Speaking of investment, preliminary SHCP and INEGI reports show that a considerable number of the projects announced late in 1993—all except those of the country's biggest and most profitable enterprises—were postponed indefinitely.

The construction industry, a sector that more accurately represents investment, achieved 4.5 percent growth at the close of the first quarter, mainly as the result of the construction of petrochemical plants, highways, and public projects, but clearly not because of the construction of public sector projects.

The Construction Industry Chamber said the sector experienced a significant drop in the four-month period, resulting in the unemployment of 58 percent of its members.

The investment sector was further weakened by the fact that although steel production increased 11.3 percent until April, cement production barely increased to 4.5 percent, a figure lower than the 6.5 percent registered during the last quarter of 1993 and the first quarter of 1994.

"A high degree of consumer debt, increased unemployment, a lack of job security, macroeconomic uncertainties, and higher interest rates have combined forces to postpone purchases of durable goods," Hibert pointed out.

A similar situation is unfolding in the field of investment. SHCP sources have admitted that the vicious circle of scant demand and reduced investment leads to lower supply and, consequently, stagnation.

The public expenditure reorganization, which, particularly in view of the Chiapas crisis, had been regarded along with the external sector as a catalyst for immediate growth, has not yielded the desired results even though the deterioration of the main economic indicators has stopped.

The conditions do not currently exist to attain the growth, consumption, and investment objectives presented to Congress in the economic program. What is worse, we must now add to this situation the authorities' decision to tighten restrictions on the handling of money with the purpose of checking exchange and financial pressures.

The method used during the first half of the year will continue until late into the six-year term as the result of both poor domestic demand and the prevailing instability. This will make it possible for the new government to begin its administration with rising rates, as has happened in the previous three administrations.

PRI Secretary General on Party Positions

PA2606041794 Mexico City UNOMASUNO in Spanish 23 Jun 94 p 5

["Part one" of a report on an interview with Ignacio Pichardo Pagaza, secretary general of the National Executive Committee, CEN, of the Mexican Institutional Revolutionary Party, PRI, by reporter Jose Quintero; place and date not given; quotation marks as published]

[Text] Ignacio Pichardo Pagaza, secretary general of the National Executive Committee, CEN, has told UNOMASUNO: "The Camachistas [followers of Manuel Camacho Solis, former commissioner for peace and reconciliation in Chiapas]" have not attacked the Institutional Revolutionary Party [PRI]. The party will do nothing against Manuel Camacho Solis. He is still a PRI militant. "Camacho, who I respect, decided to resign from his post as peace commissioner. It was his personal and respectable decision, and it is wrong to attribute this

resignation to any statement that our presidential candidate could have made on the peace negotiations in Chiapas.

The party will do nothing against the PRI militants who belong to the so-called Group of 30. That group "is not our enemy. We live in a pluralistic and heterogeneous society where there is respect and tolerance for the opinions of the citizens, who are free to express themselves. PRI does not agree with their opinions, but they are absolutely free to make them known. The party will do nothing about that."

Pichardo noted: "They are free to state their opinion, what happens is that we disagree with some of their positions, although there is agreement on the need for promoting democracy in our country."

During an extensive interview, this newspaper asked him: What is the PRI's situation as a result of the attack by the Camachistas, considering that Camacho himself stated in his resignation letter that presidential candidate Ernesto Zedillo did not give him a vote of confidence in the negotiations for peace in Chiapas and hints that this was one of the causes of his resignation?

[Pichardo] The truth is that there is no attack by the Camachistas. Manuel Camacho, whom I respect, made a decision he attributed, mistakenly, in my opinion, to statements made by our presidential candidate. He decided to resign from his post as commissioner for peace and reconciliation. This is a respectable decision that is personal.

"He also said two other important things. He said that he will abstain from any political activity during the rest of this administration. He also said something I believe he said recently during an interview, that he remains a member of the PRI. All this leads to the conclusion that there is no attack by the Camachistas. The party is working hard and showing respect for the current position of Manuel Camacho."

[Quintero] Nothing will be done against him?

[Pichardo] Not at all. He has a very respectable personal position.

[Quintero] Nothing will be done against the Group of 30 militants either?

[Pichardo] No. PRI realizes that we live in a pluralistic and heterogeneous society and that the fundamental element is respect and tolerance for the opinion of the citizens, who are free to express themselves. This group of citizens is exercising its constitutional right to meet and analyze the country's problems and to freely state its opinion.

"Another thing concerns their positions' being in agreement with the party's position. They are free, and the party is not going to consider this one way or another. They are free to express their opinions. What happens is that we disagree with some of the positions stated by this

group, although we all agree that we must work for greater democracy in our country.

"I want to tell you that, in the opinion of the chairman of the CEN, the march toward democracy is permanent and endless. No political system in the world can claim it has a perfect democracy. It is always possible to find deficiencies and weaknesses, and therefore it is possible to take corrective action."

[Quintero] Is there not too much tolerance for those people?

[Pichardo] No. There can never be too much tolerance. We believe they are exercising their constitutional right to meet and to freely express their points of view. This does not mean that we agree with what they say.

[Quintero] Do you think there is a campaign against the PRI?

[Pichardo] There are political campaigns. They are very intense, not against the PRI, but in the search for political power there is, of course, heat produced by the campaign.

[Quintero] Are there campaigns from any specific group?

[Pichardo] Not at all. These are different matters. The party has its own dynamics and course, and this group of citizens is free to express its points of view. We do not view its members as enemies or criticize their right to express their points of view. This does not mean we agree with them. They can meet and express their opinion on national problems."

Withdrawn Employees

Later on, Pichardo Pagaza was asked whether present government employees, who came from the PRI ranks, were not turning their backs on their own party. The Mexican replied: "No. What has happened is that the new legal dispositions establish limits for government employees. Several employees have interpreted those dispositions very broadly, and others, fortunately only a few, have stopped exercising a right that is guaranteed by the Constitution and secondary laws.

"Any citizen, including those who occupy a post in government, as long as they do not use their offices' assets and supplies or work during office hours, can fully exercise their right to participate in political activities. Fortunately, many are already doing this; others have withdrawn, but they are smaller in number."

At the beginning of the interview held in one of the CEN's private offices at PRI facilities, Pichardo Pagaza said the PRI and its candidate to the Presidency of the republic, as well as the rest of its candidates to other elected positions, are carrying out an intense political campaign throughout the country. "The information, the real situation is that the party is vigorous, well organized, and has overcome the tremendous blow of losing Luis Donaldo Colosio, our candidate for the Presidency of the

republic. We have now gathered around Ernesto Zedillo Ponce de Leon, who is competing at a national level."

He emphasized: "It is the PRI that is campaigning, enthused, facing the future, and convinced that it confronts a very strong electoral competition. The party is in an electoral process where all the parties have equal conditions, where the PRI no longer has a protective mantle, and where there are autonomous electoral bodies that are now geared towards the people. We have a new electoral law and a number of recent factors that have been assimilated by the PRI rank and file. Thus, we are facing a new, unknown process, which is a challenge and a motivation to us."

[Quintero] When you say the PRI no longer has a protective mantle, are you referring to the often-criticized PRI-government symbiosis, and does this mean that the PRI will be autonomous and independent from the government?

[Pichardo] That is correct. The party is aware that it is necessary that it remain autonomous with regard to the government. Not only must it be autonomous, but it

must uphold its vanguardist, advanced position within the party itself. We feel proud when elected PRI officials comply with their civic duties. We also feel compelled, however, to point out the errors, mistakes, and unfulfilled promises of PRI officials who are not meeting the voters' expectations.

"You have mentioned an important point, but for many years the PRI was the sole party, and the political struggle took place—it was an exclusive struggle—within the party. Conditions have changed, Mexican society has changed, and the PRI is promoting those changes. We are now facing a challenge, but this also means that we must act in a totally democratic manner....

"It means equality of conditions with the rest of the parties and facing impartial electoral institutions where, from the officials at the voting tables to the ones at the highest levels of the Federal Electoral Institute General Council, there are private citizens and not the government or political parties. Far from involving a feeling that we are in an advantageous position, the new situation is a true challenge and positively motivates the PRI and its political competition.

El Salvador

Argentina Provides Aid in Counternarcotic Efforts

PA2606233994 San Salvador LA PRENSA GRAFICA
in Spanish 24 Jun 94 p 27

[Text] Deputy Planning Minister Maria Teresa Orellana de Rendon announced yesterday that the Argentine Government will provide economic and technical assistance to El Salvador to prevent drug abuse and fight drug trafficking in the country. Orellana de Rendon, who was accompanied by Argentine Ambassador Roberto Horacio Magnacca, Argentine International Affairs Director Eduardo Gonzalez, and several representatives of the Argentine Embassy, commented on the need for bilateral efforts against drug trafficking.

Although she did not give any figures, the deputy minister said the assistance will consist of four seminars on preventing drug consumption and will focus on education, health, security, and law enforcement.

Some of the topics to be discussed at the forum are upgrading security and police forces to fight drug trafficking, providing preventive education in schools, and formulating a Latin American plan to teach health professionals.

"I believe this is a very important step by the two countries to fight drug trafficking," the Argentine ambassador noted.

The joint seminars could be held from September to October this year with the participation of institutions such as the Foreign Relations, Health, Education, and Justice Ministries; the Prosecutor General's and Attorney General's Offices; security corps (National Police and Civilian National Police); and Fundasalva [expansion unknown].

Guatemala

Delegations Reach Accord on Truth Commission Functions

PA2706133794 Guatemala City Telesiete Television
in Spanish 0430 GMT 24 Jun 94

[From the "Channel 7 News" newscast]

[Text] The delegations have agreed in Norway that the Truth Commission should not have judicial responsibilities or functions, but that it should contribute to national reconstruction. Notisiete has had access to the details of the document the delegates have issued:

Purpose—To clarify, objectively, equitably, and impartially, the human rights violations and the deeds of violence related to the armed confrontation, all of which have inflicted suffering on the Guatemalan people.

Composition—The commission will consist of three members, the current peace negotiations moderator,

whose appointment will be requested from the UN secretary general, a trustworthy and upright person, designated by the mediator, and appointed by the parties by consensus, and a professor selected from a three-name list submitted by the university rectors and approved by the parties by consensus. The commission will have the necessary support personnel who must have the required qualifications to perform their duties.

Installation and duration—The commission will be created, installed, and begin to function on the day an agreement for a firm and lasting peace is signed. The term of the commission will last six months, beginning from the installation of the commission. This period can be extended for six additional months if the commission so decides.

Reports—The commission will prepare a report, a copy of which will be given to the parties and the UN secretary general, who will release it to the public. The fact it has been impossible to look into every case presented to the commission will not detract from the value of the report. The parties pledge to cooperate with the commission in everything necessary for the duties of the commission, particularly in creating, before the creation of the commission and during its term of operation, the essential conditions for the commission to meet the requirements established in this agreement.

The commission shall prepare a report with the results of the investigations carried out during its term, including all factors, both internal and external. The commission shall make specific recommendations to pave the way for peace and national harmony in Guatemala. In particular, the commission shall recommend measures to preserve the memory of the victims to encourage mutual respect, preserve human rights, and reinforce the democratic process. The period that the commission will investigate will span from the beginning of the armed conflict to the signing of a firm and lasting peace agreement.

Operation—The commission will receive reports and information from individuals or institutions that regard themselves as affected. The commission must clarify these situations, fully and in detail, and impartially study any factors and circumstances that played a role in these cases. The commission shall invite every person who might possess pertinent information to present his version of the facts. The absence of interested individuals shall not prevent the commission from making a pronouncement on cases.

The commission's work, recommendations, and reports will not be the responsibility of the individual members and will not serve judicial purposes. The actions of the commission will protect the identities of the sources, as well as witnesses and informers. Once it is created, the commission will report on its composition and the location of its headquarters through every available means and will invite interested parties to present their reports and accounts.

According to the Framework Agreement of 10 January 1994, the fulfillment of this agreement is subject to international UN verification. The parties agree to ask the UN secretary general to appoint the negotiations moderator, a member of the commission. After he is appointed, this person will be empowered to carry out all of the necessary procedures to ensure the smooth operation of the commission once the commission is created and installed according to this agreement.

Signed in Oslo on 23 June 1994.

Military Law To Make Recruitment Less Discriminatory

PA2706041294 Guatemala City PRENSA LIBRE in Spanish 24 Jun 94 p 3

[Text] Army spokesperson Edith Vargas de Marroquin announced that the new Military Recruitment Law under discussion by Congress will prevent the abuses that have been committed while recruiting volunteers for military service. The new Law on Military Service will correct the deficiencies that elicited protests from the people affected by this action.

In view of the various proposals presented by groups who consider themselves to be affected by the law presented by the Army, it is unlikely that the reforms will be discussed before the next Congress is installed. According to the military spokesperson, several sectors proposed reforms which actually made recruitment more complicated instead of less discriminatory, the intended objective. The new Law on Military Service includes salaries and incentives for fulfilling this constitutional duty to make it seem more like a social concept than an obligation.

On another subject, the military spokesperson said the Army is not protecting six civil patrolmen whose arrest has been ordered for their alleged participation in the murder of political leader Jorge Carpio Nicolle last year. The Army has firmly stated that military personnel involved in criminal actions must be tried.

Honduras

Paz Denies Discussing U.S. Air Force Transfer

PA2706183394 Tegucigalpa LA TRIBUNA in Spanish 27 Jun 94 p 8

[Text] Foreign Minister Ernesto Paz Aguilar has flatly denied discussing matters related to the transfer of U.S. Air Force troops to Palmerola with U.S. Secretary of Defense William J. Perry. Paz Aguilar made that remark after the top Clinton Administration official boarded the airplane that flew him to Puerto Rico.

"We discussed matters of common interest only," the foreign minister said after listing the points that, according to him, were discussed during the approximately 20-minute meeting. "We broached the future of

the U.S. military presence in the country, strengthening civil-military action programs, establishing a regional center to combat drug trafficking, and the situation Haitians are experiencing."

Perry categorically noted that only U.S. Air Force units stationed in the Southern Command could be moved to Honduran territory. He noted that the U.S. military presence in Panama concludes on 31 December 1999 and that Palmerola will remain a center where U.S. troops have access facilities.

"At no time was there any mention of turning Honduras into a platform for regional operations. The U.S. policy worldwide is to close bases and reduce the number of soldiers, and I do not think they are interested in increasing their military presence here," Paz Aguilar indicated.

He added that there are troops in Panama to guarantee the permanent and definite neutrality of the Panama Canal and that there are barely 1,000 U.S. soldiers in Honduras, who are operating within the framework of reciprocal assistance.

"I reiterate that that topic was not discussed, but it is clear and definite that Honduras has to refine its relations with the United States based on dignity and respect for national sovereignty," Paz Aguilar noted. The official said that the bilateral military assistance treaty is the product of an era that ended with the Cold War. He added that the 1990's face totally different challenges, such as drug trafficking. "We would like Palmerola to serve as a regional base to fight drug trafficking," he stated, as he explained that U.S. specialized agencies are waging the war on drug trafficking.

When asked to comment on Perry's visit, Presidential Designate Walter Lopez Reyes said it was a courtesy visit and that they discussed general topics of mutual interest.

Reina Denies Support for U.S. Invasion of Haiti

PA2706222294 Panama City ACAN in Spanish 2022 GMT 27 Jun 94

[Text] Tegucigalpa, 27 Jun (ACAN-EFE)—Honduran President Carlos Roberto Reina said today that he would never approve an invasion of an American nation, thereby ruling out unofficial reports that the United States could invade Haiti in order to return democracy to that nation. Reina stressed that even if the United Nations made this request, he would not support an initiative to invade another nation.

The Honduran president also confirmed that his country is a favorite for the establishment of a regional center to combat drug trafficking. This issue was discussed on Saturday during the visit of William Perry, the U.S. secretary of defense. "We are no longer in the context of the Cold War. We are no longer in the stage of a war of polarized blocs. This is why we want to take advantage of international cooperation to defend ourselves from vices

such as drug trafficking and other world scourges," he said. According to Perry, the installation of a regional center to combat drug trafficking means the possible transfer to Honduras of the aircraft the United States has in the Southern Command bases in Panama.

This does not mean that the U.S. military presence would increase in Honduras where currently approximately 1,200 soldiers are stationed. These soldiers are replaced every three to four months. Rather, Reina noted, this would mean "more dialogue." Reina recalled that military relations between Honduras and the United States are outlined in an agreement that goes back to 1954. The Honduran Legislative Assembly did not see the agreement when it was signed, he noted. In this regard, he indicated that any agreement on new military relations with the United States should be discussed by the Legislative Assembly.

The president said that the presence of drug traffickers in his country is on the rise, which he labeled as "very serious." Therefore, he noted, all the nations need help and Honduras should take advantage of its "prime" geographic position. The regional center could operate in Palmerola, a local air base constructed by the U.S. Army in the eighties when Washington attempted—without success—to topple Nicaragua's Sandinist regime through the "contras," who it armed and financed in Honduras. Palmerola is located approximately 80 km north of Tegucigalpa and its runway has the capacity to receive any type of combat plane or the gigantic C-5 Galaxy.

Central Bank Announces Reforms, Dollar Auction

PA2406164694 Tegucigalpa EL PERIODICO DE HONDURAS in Spanish 21 Jun 94 p 4

[Text] Tegucigalpa—Admitting the existence of "serious" flaws in the foreign exchange system—flaws which have led to speculation—the Central Bank of Honduras [BCH] Board of Directors yesterday decided to implement reforms and hold an auction of U.S. dollars, which will be overseen by the BCH, according to BCH Chairman Hugo Noe Pino.

To implement the reforms, the BCH Board of Directors has issued a document entitled "Regulation for the Public Exchange of Foreign Currency." According to the document, beginning today all exchange brokers must turn over their foreign currencies to the BCH, which will buy them at referenced market rates. This provision excludes dollars in on-demand savings accounts.

Pino said 60 percent of the dollars acquired so far by the BCH will be auctioned off, beginning on 23 June. He also said that, before each auction, the general public will be informed on the amount and base price of the currency. To guarantee honesty, the auction will be handled by a commission comprising one delegate each from the BCH, the Association of Honduran Banks (AHIBA), savings and loan associations, and exchange brokers, as well as two delegates from independent auditing firms and one notary public.

Pino reported that natural or legal individuals can directly or indirectly submit bids to buy currency, adding that the bids must fall within a range of a minimum of \$2,000 to a maximum of \$200,000.

The daily base buying price will be the average of the prices bid the previous day. To open this process, the BCH Board of Directors has established a balanced average of 8.60 lempiras to the dollar. This base price will be modified when the referenced exchange rates consistently drop or go higher. The adjustment will be effected whenever the current price consistently changes over 15 consecutive auctions.

Pino pointed out that the bids cannot be higher or lower than the base price by more than 1 percent. Once bids have been received, they will be arranged in descending order and the amount of currency available will be assigned to the highest bidders.

To give low bidders a chance to buy currency, banks and savings and loans can bid for a daily maximum of \$25,000, while exchange brokers will have a daily maximum of \$10,000.

In conclusion, Pino said currency will not be assigned to natural or legal individuals more than once during the same auction.

Nicaragua

Chamorro Rejects Rebel Leaders' Ultimatum

PA2706190194 Managua BARRICADA in Spanish 24 Jun 94 p4

[Report by Alfonso Malespin Jiron]

[Text] After inaugurating the seminar entitled "Reflections on the Democratic Transition," held at the Olof Palme Conventions Center, President Violeta Barrios de Chamorro has rejected the ultimatum issued by rearmend rebels Charro and Northiel [not further identified] and asked them to "surrender their weapons and return to civilian life."

Accompanied by Presidency Minister Antonio Lacayo, President Chamorro insisted that the two chiefs stop killing people and burning trucks, "because if they do not, not even they will be able to farm anything."

Northiel threatened to burn any vehicle that dares to operate in Las Segovias and to murder the drivers in response to what he called "the government's failure to keep the agreements signed." Presidency Minister Lacayo denied this. "There is no agreement with him," Lacayo stated categorically. "They are the ones who often refuse to hold talks," Chamorro said, referring to the rebels' demands. "I am always sending the people who have to be there for talks." During the speech to open this event, which is hosted by the National

Assembly, the president noted: "We have suffered deeply from the legacy of violence, intolerance, and confrontation."

During an informal news conference, Chamorro reiterated that "as long as Violeta is in power, education will continue to be secular." "Let us respect one another," she noted, referring to the direct demand by the Nicaraguan Bishops Conference to include religion in public education. On another matter, the president criticized the killing of four children in Acoyapa, Chontales Department, at the hands of two teenagers and affirmed her support for every antiabortion activity, provided that "a religious march does not turn political."

According to her, the mass murders are the result of a "lack of education," but insisted that this situation has to be overcome. "This is a time to build and a time for children to be educated. This is no longer the time to kill; this is the time for reflection," Chamorro noted.

Sandinists Discuss Military Code With Army Officials

PA2806042694 Managua BARRICAADA in Spanish 25 Jun 94 p 8

[Report by Noel Irias]

[Text] Commander Bayardo Arce has reported that the National Directorate of the Sandinist National Liberation Front [FSLN] yesterday presented to the Sandinist People's Army [EPS] its observations on the Military Code, especially on military subordination to civilian authority and on the scope of military responsibility.

A source said the two sides also discussed relations between the Armed Forces and society—relations "that the law does not cover." Arce did not elaborate on these relations.

Arce explained: During the meeting "we expressed the National Directorate's concern and reported its unanimous opinion on the reforms the Military Code requires."

He reported that on Tuesday the Sandinist Directorate will assess the arguments and explanations presented by the military High Command in response to questions posed by the FSLN, adding that in the afternoon the directorate will issue a communique to make public its official position on the code.

The Sandinist leader said: "Our legislative wing is awaiting this position to open debates on the code in the National Assembly."

According to Arce, his party's position is not a product of the opinion of the 15 members of the directorate. He affirmed that the FSLN sought the opinion of various sectors of society, including that of businessmen, retired EPS members, and the party's rank and file. Arce described the meeting as "fruitful, positive, and constructive."

Military spokesmen preferred not to comment on the working session with the FSLN.

The National Directorate, which has been holding a special session since last week, will continue the session Tuesday and Wednesday of next week. On Thursday, it will hold a meeting with the Board of Directors of the Higher Council of Private Enterprise.

Panama

President Pardons Former Colonel Diaz Herrera

PA2706022494 Panama City ACAN in Spanish 1847 GMT 26 Jun 94

[Text] Panama City, 26 Jun (ACAN-EFE)—Panamanian President Guillermo Endara today pardoned former Colonel Roberto Diaz Herrera, who precipitated the Panamanian crisis of 1987 that culminated with the 1989 U.S. invasion. Endara issued a decree stating that the charges against Diaz Herrera were for acts of subversion and opposition to the military dictatorship of former General Manuel Antonio Noriega, acts which, "far from being dishonorable under the current democracy," should be described as "meritorious."

Diaz Herrera, who was pardoned along with seven other persons, including his nephew Zoroel, had been sentenced by a Panamanian court on 22 December 1987 to five years in prison. The former chief of staff of the defunct Defense Forces left for Venezuela following a pardon issued on 24 December 1987 by former President Eric Arturo Delvalle. After living in Caracas for a time, Diaz Herrera moved to Argentina, where he currently resides.

Prosecutor Appeals Release of Eduardo Herrera

PA2606154594 Panama City Circuito RPC Television in Spanish 2230 GMT 24 Jun 94

[From the "RPC Television News" newscast]

[Text] The 2d District Attorney's Office has to rule whether to uphold the provisional release granted to defendant Eduardo Herrera Hassan, his lawyer has explained.

The 7th Court House, presided over by Judge Nilsa de Gonzalez, on 23 June granted the provisional release of Eduardo Herrera, who along with 16 other servicemen was charged on one count of sedition. According to Herrera's defense lawyer, his client was not released, because the prosecutor appealed the judge's decision.

[Begin recording] [Defense Lawyer Hector Zavala] The judge issued a pretrial statement saying she can only try Mr. Herrera for an offense that carries a sentence of less than two years for the offense of sedition. This ruling, or as the file states, denies, as President Guillermo Endara has charged, my client tried to topple him on 5

December 1990. The ruling states there is no evidence to prove there was an attempt to topple the government at that time. [end recording]

Lawyer Hector Zavala made the request for a provisional release in late April. In her decision, the judge agreed to grant a provisional release until the trial is held, but she forbade Herrera to leave the country and ordered him to appear before that court every month.

The 2nd Court of Justice will have to decide whether to uphold or revoke the release. If revoked, the final step would be to appeal to the Supreme Court of Justice. Eduardo Herrera is also charged for his involvement in terrorist acts of Operation Let Us Kill Fatty [Asesinar Al Gordito, in reference to President Endara] in Chiriqui Province and for evading justice.

Deputy Minister Views Oil Debt to Venezuela, Mexico

PA2606141694 Panama City Circuito RPC Television in Spanish 2300 GMT 22 Jun 94

[Report by Ciro Ortega; from the "RPC Television News" newscast]

[Text] Panama's oil debt with Venezuela and Mexico, within the framework of the San Jose Pact, totals \$240 million, and paying it will have to be done on a long-term basis, Eduardo Linares, deputy planning and economic policy minister, has said.

The top government official has said Venezuela is not pressuring Panama to pay the debt but, rather, is simply requesting the renewal of talks.

[Begin recording] [Linares] We have just received an official communication from the Venezuelan Government stating its interest in resuming the talks; therefore, we cannot talk of pressure. What does exist is a response to our request as a responsible government in order to pay to the debt.

[Ortega] To pay in what type of manner? This involves many millions. The budget was cut, and there is no money.

[Linares] The formulas we have proposed to the Mexican Government and the one we could reach with Venezuela if we agree to resume negotiations allow the government to pay its debt within its capabilities in the long term. There are no short-term formulas, to be sure. [end recording]

Argentina

Menem Reaffirms No Intervention in Haiti

PY2706173594 Buenos Aires Radio Nacional Network in Spanish 1600 GMT 27 Jun 94

[Text] President Carlos Menem emphasized today that Argentina will not participate in a probable military intervention in Haiti outside UN resolutions.

The Argentine president guaranteed that the government will ask Congress for authorization if the United Nations makes a decision for our country to send military forces to that Caribbean island where a coup overthrew a democratic president in 1991.

President Carlos Menem also urged the United States to increase political and economic measures against Haiti's de facto government in order to restore the democratic system in that country.

Menem 'Blunder' on World Trade Organization Viewed

PY2806011294 Madrid EFE in Spanish 2008 GMT 24 Jun 94

[Text] Washington, 23 Jun (EFE)—Argentine President Menem surprised the media in Washington today when he said the World Trade Organization (WTO) is "a European Community (EC)" organization, "not an international community" organization.

The blunder occurred during a news conference at the Argentine Embassy in Washington after a meeting between Menem and U.S. President Bill Clinton when Menem was asked to clarify the situation of two Latin American candidacies to head the WTO, which comprises 111 countries.

Menem explained that during the recent Fourth Ibero-American summit in Cartagena de Indias (Colombia) his country supported a Colombian proposal nominating Mexican President Carlos Salinas de Gortari to head the WTO at the end of his presidential term.

Menem added that at the time he was unaware the Brazilian Government had proposed Economy Minister Rubens Ricupero, a veteran diplomat and former Brazilian negotiator at GATT.

The surprise occurred when Menem said it was up to the EU (Menem insists on calling it "community") to name a president for the WTO, an organization created to implement GATT agreements that is expected to become operational next year.

"Of course, it is up to EC members to decide on these candidacies and (the president) might very well be European," Menem said.

Journalists asked why the EC would have the power to choose the president of the WTO and Menem said: "Because it is an EC organization."

"It is not a world organization, it is an EC organization," Menem insisted despite the organization's name which clearly identifies it as being global.

"If you have any doubt, I will tell you again," the Argentine president repeated to the astonished Brazilian journalist who asked him to confirm his remarks.

Menem added: "I will clarify things even more: During the Ibero-American meeting we asked Spain and Portugal to sponsor Salinas' candidacy. It is an EC organization, not a world community organization," Menem insisted.

Argentine Foreign Minister Guido Di Tella, who was sitting next to Menem, just put his head in his hands. Argentine Ambassador Raul Granillo Ocampo, who was sitting next to Menem, made no attempt to correct him either.

Kantor To Visit To Discuss Patents Issue

PY2706132894 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1939 GMT 24 Jun 94

[Report by unidentified NA "special correspondent"]

[Text] Washington, 23 Jun (NA)—President Carlos Menem announced on 23 June that U.S. Trade Representative Mickey Kantor will travel to Argentina in the upcoming days in order to find a definite solution to the controversial issue of medicine patents.

According to Menem, the issue of a law on patents demanded by the United States was not broached during his talk with his U.S. counterpart, Bill Clinton. However, U.S. Ambassador to Argentina James Cheek hinted to the contrary.

"Ask your president," responded Cheek, when the NOTICIAS ARGENTINAS NEWS AGENCY special correspondent asked him about the subject. He nonetheless hastened to add: "I would not say that this subject was not discussed."

Menem told journalists that negotiations "are developing along normal lines and dialogue is under way."

When asked whether pressure was being applied to have the issue settled by 30 June, Menem underscored: "There are neither threats nor anything remotely similar."

The deadline the U.S. Government established for Argentina to enact the new law on medicine patents so as not to be on the list of countries liable for commercial sanctions expires on 30 June.

U.S. pharmaceutical companies have for a long time been requesting that their Argentine counterparts acknowledge intellectual property rights in the manufacturing of medicines.

The Argentine executive branch has sent a patents bill to Congress, but it has not been discussed yet because several sectors involved have seriously questioned some of its points.

The first deadline for the passing of the patents law had been established for 30 April. On that day, Kantor was to appear before the U.S. Congress to charge Argentina with not doing things by the book in commercial matters and to recommend sanctions against it.

Nevertheless, Kantor finally relented and decided to let things ride until the end of June.

Concurrent with this latent threat, several U.S. officials have visited Argentina recently—including Vice President Albert Gore—and they all invariably spoke of the need for the enactment of the patents law.

When U.S. Trade Secretary Ronald Brown arrives in Argentina on 28 June, he will prove to be no exception. He already has announced that the protection of patents and rights to intellectual property is "one of the most important considerations that likely investors take into account to determine a country's investment climate."

Kantor himself discussed this issue with Menem personally when both met in Chile for President Eduardo Frei's inauguration.

Now, when everything led to a surmise that the issue of patents would be on the agenda of the meeting between Clinton and Menem, the latter took pains to deny it.

"We did not talk about that subject with President Clinton. I would like to tell you that there is good news for the Argentine Republic concerning that subject and rightly before the established date, but no questions, please," he stressed.

To conclude, the head of state looked at the journalists and asked them to bring up the subject "after 30 June."

Ambassador to U.S. on Pharmaceutical Patents Issue

PY2706213194 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 2354 GMT 25 Jun 94

[Unattributed report by special NA correspondent]

[Text] Boston, 25 Jun (NA)—Raul Granillo Ocampo, Argentine ambassador to the United States, announced today that "the pharmaceutical patents issue will be resolved before the end of the month in Washington," probably after a number of meetings between high-ranking U.S. and Argentine trade officials.

Granillo Ocampo made this remark during an exclusive interview with the NOTICIAS ARGENTINAS news agency a few minutes after the conclusion of a World Cup soccer game between the Argentine and Nigerian teams.

The ambassador went to the stadium, representing President Carlos Menem. The diplomat said that the president "followed the game on television" at a hotel in the southern city of New Orleans.

The ambassador emphasized that "there will be good news" on the pharmaceutical patents issue, which worries the U.S. Government because the U.S. laboratories are asking the Argentine laboratories to pay for intellectual property rights.

Moving on, the diplomat emphasized the significance of a meeting held yesterday in the White House between Presidents Menem and Clinton.

The diplomat said: "I would say it was a really superb meeting due to the issues discussed, the quality of the meeting, the agreement that existed, and the good news that they gave us but asked us to keep secret for the time being. [no closing quotation marks as received]"

The ambassador refused to provide any details on the matter, but admitted that "there is good news on the pharmaceutical patents issue."

The diplomat announced that a U.S. Government envoy would travel to Buenos Aires to confirm "that Argentina has awakened interest here."

The ambassador said: "The person is like a foreign trade minister, who will go to approve certain trade agreements that the two countries are in the process of concluding."

Granillo Ocampo believes that the second meeting between Presidents Bill Clinton and Carlos Menem this year "represents a recognition of our country, as it was arranged in 10 days and because top-level U.S. Government officials were present, which demonstrates that Argentina is being described a country worth talking to."

Granillo Ocampo stressed: "This also demonstrates that President Menem is being described as a valid person to talk to, and that when he is in the United States high-level talks are held, taking advantage of his presence."

Lawmakers View First Official Visit to UK

PY2506003894 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1731 GMT 24 Jun 94

[Text] London, 24 Jun (AFP-NA)—Having met with U.K. Government officials and politicians, a high-powered delegation of five Argentine deputies today concluded a five-day official visit to London at the invitation of the U.K. Government.

During a news conference, Jorge Matzkin, Justicialist (neo-Peronist) bloc leader in the Chamber of Deputies said: "This is the first time that an (Argentine) delegation has been officially invited" to London by the Foreign Office of the U.K. Government since the Malvinas War in 1982.

"The main objective of this visit was to improve relations with our counterparts, especially in the House of Commons. We talked about everything. We openly broached controversial issues like the Malvinas Islands and subjects of common interest," he pointed out.

The five deputies met with David Heathcoat-Amory, the secretary of state for Latin American affairs, on 20 June. During the meeting, Foreign Secretary Douglas Hurd suddenly appeared to greet the visitors.

According to Florencio Acenolaza, chairman of the Foreign Relations and Worship Committee of the Chamber of Deputies, Hurd recalled his government's stance, saying that it wants "to respect the will of the inhabitants" of the Malvinas Islands.

The Argentine deputies mentioned that Argentina believes the conflict is not between the islanders and Argentina but rather between Argentina and the U.K.

Acenolaza said the delegation "aired all its grievances over the Malvinas Islands without restraint." They even voiced concern about issues including "the preservation of the environment and oil."

"There were no differences or gray areas," he said, insisting that the current trend is "very positive." He added that it constitutes "a new landmark" within a framework of "human rather than political relationships."

When inviting Kelpers to visit Argentina to establish "human, not political relations," Matzkin told them: You will like Argentina!

The lawmakers reported that they did not discuss the thorny issue of war crimes committed—according to Buenos Aires—by British soldiers or the possible request for the extradition of former Prime Minister Margaret Thatcher on war crimes charges.

The other members of the Argentine delegation were Francisco Duranona, (UCeDe [Democratic Center Union] Lower House bloc leader); Javier Meneghini (Radical Civic Union Lower House bloc deputy leader); and Marco Micheli (Conservative Party Lower House bloc leader).

Vice Foreign Minister on Oil Exploitation in Falklands

PY2706211194 Madrid EFE in Spanish 1703 GMT 26 Jun 94

[Text] Buenos Aires, 26 Jun (EFE)—Argentine Vice Foreign Minister Fernando Petrella today guaranteed that Argentina would not accept any oil exploitation in the Malvinas Islands if this activity created unilateral problems harming its stance in the dispute over the sovereignty of the islands.

Petrella told the Argentine DYN news agency: "Oil is very important, but is not of paramount importance, as

there is oil everywhere. This does not, however, mean that we are giving it away to the British."

In Petrella's opinion, the possible oil activities in the islands "create problems, as there might exist jurisdiction issues harming the Argentine stance, and this is unacceptable."

In this regard, the vice minister mentioned the High-Level Group of Argentine and British officials who will meet on 14 and 15 July in the city of Buenos Aires to discuss issues of bilateral interest, including oil.

In Petrella's opinion, the formation of this group involved the establishment of an important link between the two countries, which have decided to work on the sovereignty issue and recognize the existence of a dispute.

Implications of Soaring Commodities Prices Viewed

PY2706132694 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1952 GMT 24 Jun 94

["Special report" by former Central Bank President Rodolfo Rossi]

[Text] Buenos Aires, 24 Jun—The rise in the prices of nearly all raw materials on international markets (as well as those of commodities [preceding word in English] of basic manufactured goods) poses the question of whether we are witnessing a generalized bout of worldwide inflation.

The surge in prices is seen in commodities such as coffee, the price of which has gone up 66 percent so far this year; wool, up 45 percent; and cotton, a 35 percent increase. As for crude oil, the WTI [expansion unknown] currently is being quoted at more than \$20 per barrel rising from \$14 in March.

Grains have recorded heavy gains. Wheat jumped to the forefront in Chicago, rising 21 percent in the last 12 months. Corn increased 32 percent in the same period, and soybeans were up 18 percent.

Argentina's exports stand to benefit from this surge in the value of grains and oil seeds. This year export earnings will be \$600 million higher than last year. It also will benefit from the increase in the value of oil, and its exports will total at least \$1.25 billion.

Notwithstanding this, within an international context characterized by great volatility in quotations, the drop in the value of the U.S. dollar over the last few days leads one to forecast an increase in international interest rates (not only in the United States, but also in Europe) on account of the need for attracting capital and also as a move to defend their respective currencies (the U.S. trade deficit grew 22 percent in April compared with the previous month, amounting to \$8.4 billion).

The "climax" of the increase in interest rates, also prompted by the inflationary syndrome—a rise in the

value of raw materials and commodities [preceding word in English]—probably will offset the benefit derived from better export prices.

The negative effect for our country would be the incidence of higher international prices on domestic prices, which would adapt to the increase in prices.

Radical Party Head Forecasts Unrest in Provinces

PY2406141894 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1439 GMT 23 Jun 94

[Text] Buenos Aires, 23 Jun (NA)—Cordoba Governor Eduardo Angeloz has warned that "some provinces are on the brink of collapse or bankruptcy." Angeloz added that the economic plan "has started breaking the pillars sustaining it."

"When you start setting strict guidelines limiting productive activities or people's activities things start to break down. People start complaining and you start seeing the possibility of unrest in many towns and provinces," the governor said.

Angeloz said he is not pointing his arrows directly at Economy Minister Domingo Cavallo. The governor believes Cavallo "cannot feel he owns the country. He cannot dictate rules for others simply to follow or be placed on lists under definitions only he makes."

The governor said the main causes of discontent that might result in "social upheavals" are produced mainly by "the growing trade balance deficit, the transfer to the nation of bankrupted education centers and health systems, and the national government's indifference to producer needs."

"People perceive that their personal situation is not improving, that the country is not growing, and notice that the social security system has very big holes," Angeloz insisted.

Angeloz protested because the provinces now must administer their education and health systems "without resources," a situation that is aggravated "because now the provinces get 44 percent and the nation 56 percent of the 4 billion pesos of federal income sharing, a situation that is just the opposite of the situation we had before."

Angeloz expressed doubts that former President Alfonsin had said that the Radical Party [Radical Civic Union, UCR] will lose the 1995 election, but just in case he made clear that he does not share that belief, stressing: "Those who leave the battlefield, those who do not fight, are leaving an empty space that others will occupy."

"This will not happen to the UCR. We will fight in all areas to transform the party and create a government alternative," Angeloz promised. He made these remarks during the program "Two Voices" that is broadcast on cable television.

Bolivia

Foreign Minister Views Recent Visit to Paraguay

PY2706213494 La Paz Television Nacional Network in Spanish 1700 GMT 27 Jun 94

[Text] Foreign Minister Antonio Aranibar commented this morning on his recent trip:

[Begin Aranibar recording] I recently attended a meeting in Paraguay of foreign ministers of the Urupabol [Permanent Joint Commission of Uruguay, Paraguay, and Bolivia]. The meeting was held on 24 and 25 June in Asuncion, Paraguay. A joint declaration will be released to the media. I would like to point out two aspects: The meeting was the first effort of countries of least development, like landlocked Paraguay and Bolivia, to coordinate an exchange of views and eventually develop mutually beneficial actions. The three countries expressed their support for the efforts by the Fonplata [River Plate Basin Development Fund] to improve its financial conditions and thus contribute to the development of the three countries. The three foreign ministers confirmed their full support for the continuation of the Fonplata Permanent Secretariat in Sucre, Bolivia. This issue created concern among institutions and the Civic Committee of the Chuquisaca Department which lead to a commitment by the Foreign Ministry and the government to maintain the permanent secretariat headquarters in Sucre. The declaration contains support by Uruguay and Paraguay for the continuation of the permanent secretariat headquarters in Sucre, Bolivia. [end recording]

That was Foreign Minister Aranibar's comments on his recent trip to Paraguay to attend the Urupabol meeting.

Assets Seized From Traffickers Lead to Corruption

PY2706224194 La Paz Television Nacional Network in Spanish 1700 GMT 27 Jun 94

[Text] New charges of corruption have been made. A high percentage of the \$20 million that has been seized since 1988 has been a source for many people to get rich illegally.

The government points at members of the Special Antinarcotics Force [FELCN], trustees, and former lieutenant governors as those who are involved in corruption. Two private law consulting firms and the government have detected a framework of corruption in the country, which has been operating for a long time. The poor and criminal administration of the assets confiscated from drug traffickers has led to the appearance in Bolivian society of illegal fortunes, according to an official document.

Since 1988 until 6 August 1993, millions of U.S. dollars seized from drug trafficking have disappeared due to the negligent and guilty actions of the FELCN and people who were appointed by the Attorney General's Office as

trustees of the assets. Former lieutenant governors in the rural areas have also been involved.

COB Leader on Changing Role of Labor

94SM0368A La Paz PRESENCIA in Spanish 20 May 94
 p 2

[Interview with Juan de la Cruz Willka, assistant secretary general of the Bolivian Labor Federation, in "Friday Dialogue"; place and date not given]

[Text] Since the creation of the General Trade Union Confederation of Peasant Workers of Bolivia (CSUTCB), the indigenous-peasant movement has gained greater influence in the country. This accounts for the fact that, for example, the vice president of the Republic is an Aymara and that in the trade union field, the peasants have proposed that the Bolivian Labor Federation (COB) try to bring itself into line with the national reality.

Prior to the 10th Congress of the COB, to be opened at the end of May, the secretary general of that organization, Juan de la Cruz Willka, as representative of the CSUTCB, was invited to "Friday Dialogue" to describe the expectations in that area and to provide a general view of the peasant movement.

Willka (48 years old) was born in the community of Chachacumani, Pantaleon Dalente de Oruro Province, although he points out that he was really born in Ayllu Thaya Kira. He has had a very active political and trade union career and is considered one of the leading representatives of those who want the COB to make a qualitative leap forward and include among its principles the struggle of the indigenous nations.

[PRESENCIA] One subject under discussion is how representative the different sectors of the COB are. What is the position of the peasants in that regard?

[Willka] In two previous congresses of the COB, we maintained that the organic structure of the COB and of the Executive Committee should express the national reality. That is to say, diversity, the class struggle and the struggle of the indigenous nations.

At the moment, they are expressions only of the class struggle and not of the struggle of the indigenous nations. That is why it is a classist structure.

We have made some progress, they have already given us the General Secretariat. In the Congress of Chuquisaca, the CSUTCB proposed this as the political thesis of the COB, but the salaried workers ratified their political thesis and a classist structure, as a guarantee, they said, of the revolution. Our thesis proposes instead that the class struggle and the struggle of the indigenous nations are based on the same thing.

[PRESENCIA] To what do you attribute the resistance against accepting the peasants' thesis?

[Willka] To an ideological conception. They describe us peasants as petit bourgeoisie because we own a piece of land. They say that all property owners, according to their analysis, are not to be trusted, and therefore we are petit bourgeoisie.

We reject that assertion. We are not a part of the petit bourgeoisie because we own a piece of land. There is an ideological background here that is very deeply rooted, and that I want to explain.

In both ideological beliefs, that of the socialist states of the former Soviet Union and that of capitalism, land is considered an economic asset that must be exploited to obtain economic benefits. Therefore, anyone who possesses land—one or several hectares—possesses wealth and can improve his standard of living.

Based on our Andean ideological conception, land is not an economic asset; the land is part of mankind. If land did not exist, we believe that man could not live, because where could we produce rice, yucca, potatoes, bananas; where could we graze our livestock? Therefore, for us land is part of the life of mankind and of humanity, and it must be cared for, just like human life, so that it serves humanity and not, as in other proposals, that the land must be squeezed dry, as socialism and capitalism have always done.

From that starting point, we reject those philosophies that say that any proprietor is a bourgeois.

Furthermore, in Bolivian practice, if we compare a peasant and a salaried worker, which one is better off economically? A worker might have his radio, his television, he has his tea, he dresses well, etc., and a peasant from north Potosi is dressed in rags and can barely feed himself.

Therefore, it is impossible to believe that we are petit bourgeoisie, and we think that they are wrong to analyze only on the basis of a philosophy that Marx brought to us, which is valid, but in a different situation, and Europe is a different situation that is very far away.

We should take these errors into account and direct ourselves, based on our cultural roots, toward a structure and ideology of the COB.

[PRESENCIA] How should the COB be structured, according to that position?

[Willka] By taking into account its societal base. The societal expression of this country comes primarily from the indigenous nations: Aymaras, Quechuas, Guaranies, and other nations. They should have a real representation inside the COB.

The other sectors also have their social expressions: the salaried workers, among them, as always, the miners, factory workers, etc.; the trade unions and other sectors that must be represented.

In reality, neither peasants nor factory workers nor miners should be privileged. Nobody. The privileged should be some distinguished leader who has been proven in the struggle, in his honesty, in his preparation; this kind of person should be our leadership in the COB. If they are miners, good for the miners; if they are from other sectors, the same goes for them. This is what we believe.

[PRESENCIA] At present, the executive secretary is elected by a workers' vanguard, in this case, the miners....

[Willka] Who constitutes the vanguard is a subject that is under discussion. Why were the miners the vanguard? Because of their struggle, more than anything else, since the beginning of the trade union movement, which aimed at the defeat of the mining oligarchy and afterward continued the struggle. This is what gave it the label of vanguard. In those days there was class consciousness because the miners were not employees of a state enterprise; they were employees of private enterprise and, being private enterprise, class consciousness at that time was stronger than attachment to a job. They left their jobs and fought for change. I believe this is what made them strong.

However, now it seems that workers do not have sufficient class consciousness. Let us see which worker would decide to leave his job for the struggle. None. They prefer to keep their jobs, even with a miserable salary, and not give up their jobs and embark on the struggle. This shows that class consciousness has decreased and that one is just another worker. I believe that this is what is happening now.

[PRESENCIA] On the other hand, are the peasant leaders ready, in a trade union sense, to lead the COB?

[Willka] I think that...some time ago, I said that I did not know how we could qualify, whether we would all have to take an examination. It is always that way, it is also ideological: "The peasants are not ready yet." We have not been ready for 500 years, but when will we be? I believe that this is the question. I believe that no one has ever taken on a responsibility, already knowing everything. It is a matter of initiative, of a person's decision to assume responsibility.

[PRESENCIA] Getting back to the sectors, which ones have received the proposal most favorably?

[Willka] The miners agreed to discuss it, to think it over. Those who do not want to hear of it are the Trotskyites, who accuse us of being back in the Middle Ages. The teachers agree. But let us be clear: It will not be the miners or the factory workers or the teachers who decide not to go along, but the professional politicians, such as the Trotskyites. But I do not believe that they represent all of the teachers. We would be wrong, then, to say that they do not accept us.

[PRESENCIA] In your view what is the outlook for the 10th Congress of the COB?

[Willka] There are going to be problems along the lines indicated by this discussion, and everyone will want to speak his mind. But I believe that there is maturity at the sector level. I believe that in spite of these problems, the COB is going to go forward, as it has always done. We will form the Executive Committee, whoever might be on it, because there is no way to calculate that. The workers say "so many of us have died," and we wish we were able to count how many of us have died; we have millions of dead, not only during this period but since the arrival of the Spaniards.

[PRESENCIA] You no longer believe in vanguards?

[Willka] Not any more. The vanguard should include all the workers, from the smallest to the biggest, without preferences.

[PRESENCIA] How long will the CSUTCB last if they do not listen to you?

[Willka] We have realized that, having the secretary general, having the executive, has resolved nothing. We have to think about making a political move; leaving the trade union struggle to move on to a political struggle. The union movement is a form of struggle, but it is others who wield power, and all our lives we have been fools and nothing more. That is why I say that if they do not give us, let us say, the executive, with a factory worker executive, with a miner executive, or with whom-ever, the peasants are going to continue offering up their lives, as in this latest conflict. Let the peasants win the executive, we are the ones who weep and die. That is the problem. Therefore, we will continue on that road.

[PRESENCIA] What will be the principal disagreements at the 10th Congress of the COB?

[Willka] In reality, they will be between the official position and those who do not share the official position, but not so much a function of party but of concept, of the thinking in each sector. I say that their proposal is bad because they want to destroy the communities. By means of municipalization, the indigenous communities—we have been independent, so far—are now going to be dependents of popular participation. I do not agree with that because it really means we will all be the same. The new configuration of municipalities is going to break up entire communities of ours. I do not agree with that policy, and the official position is going to be one of agreement. The fight, then, will be along those lines.

They will tell us that we are going to collect rural land taxes through the municipalities, and some will say yes, we will say no. Therefore, there are two different opinions.

[PRESENCIA] Will the other conflict be between the classist concept and that of a nation?

[Willka] I believe...we will see. I am calculating that no one will be opposed to it; I believe that everyone will sign

on—even earlier they recognized the struggle of the nationalities in some manner. I do not believe anyone is going to deny that. I do not believe that this feeling exists in this Congress.

During the Congress on Bolivian Education, which was held by the official sector, the COB, and the church, we all agreed that to educate the children is to construct a state that is multicultural, multinational, and socialist. (The socialist did not please many, but we explained that this was intended in a communitarian sense because, in the end, there cannot be a pretty little multicultural state which is also capitalist, and because what we are aiming for is that there should be equity.)

[PRESENCIA] Organically, also?

[Willka] There it will be different. I think it will be difficult. There are going to be arguments, walk-outs, that kind of thing.... I at least am coming to the realization that it will still be a very serious problem.

[Box, p 2]

The Difficult Relationship Between Leadership and Peasant Grass Roots

[PRESENCIA] The CSUTCB has entered and is still suffering from a very severe crisis due to ideological conflict and corruption. Why are there so many problems and what is being done to resolve them?

[Willka] The crisis is due more than anything to the political positions of the peasant leaders. I would say that there are three positions. One, racist, which says that the only solution is finishing off the Creoles [q'aras]. Another, very clever, is the social democratic position which, starting out from peasant initiatives, has taken root, not directly as social democracy, but as a proposal vindicating the rights of the peasants. The third current position proposes neither racism nor classism. We say that it is not possible for the class struggle and the struggle of the indigenous nations to be separated or even allied, but they must be a single thing, without it disturbing anyone, and that is what is happening, to a certain extent. These factions have confronted one another to take over the leadership of the trade union movement, but I think that the conflict is a thing of the past.

The last conflict was due to the fact that the social democrats of the MBL [Free Bolivia Movement] wanted complete domination over the CSUTCB, so that it would serve as the political cushion of the current government; its leaders wanted to hang on and there we fought it out, we made a problem out of it.

At last, there is unity now through communitarian trade union democracy, which means that he who won has won, and nothing more. This is where the political maturity of the comrade delegates who attended the congress was demonstrated. They had to elect a comrade

peasant who expresses both ideas, Comrade Felix Santos, who is a genuine peasant.

Evidently, they are not happy about this, they keep complaining, there are many loud complaints from many sides, but in any case, the crisis we were suffering has been resolved at the leadership level, but only partly at the grass roots. The leadership has influence, but the grass roots are a different story.

[PRESENCIA] What is going on at the peasant grass roots?

[Willka] The grass roots are structured differently. There are trade unions, indigenous authorities, cooperatives, and associations, there are many forms of organization. The principal authorities in the communities are the trade unions and the indigenous authorities, and the others (cooperatives, associations) are the economic branches of those authorities.

We lack sufficient communication with the grass roots to keep them well-informed. It is very hard to reach everywhere. In that regard, the best organized are the miners, the workers. They work together, at the blow of a whistle they have a meeting, while with us....

[PRESENCIA] How would you describe the different positions in the peasant movement?

[Willka] It depends on the problems of each community, each sector, and each region.

Those most affected by neoliberal policies and foreign political interference recently have been the coca leaf growers. They have had very serious problems. A coca grower is constantly afraid that the UMOPAR [Mobile Rural Patrol Unit] will seize his house, ransack it, and leave a kilo of cocaine, and say afterward that they found it there; it is really serious. In addition, the eradication of the coca plantations has hurt. It is as if a comrade on the altiplano had his crops destroyed by someone. Anyone would get angry. This is why the coca growers have really radicalized their struggle.

It is the same on the altiplano: everyone has become radicalized over the tax on rural property and against commercialization of the land, which is a very sore subject for the peasants. These problems come up and the comrades become radicalized, they fight.

With regard to extreme poverty, there are many approaches. Many comrades believe that the government is going to save them when they experience hardship and that is why they tend, let us say, to suffer hunger. That happens because they think that the government might help them to improve their situation, and they allow themselves to be used. This is a problem that we have been unable to remedy so far.

This is why there are questions: although everyone is united in the struggle of the indigenous nations over land, taxes, etc., no one is united when it comes to elections. Instead, everyone casts his vote for a political

choice contrary to his interests, believing that the government is going to take care of his problem.

[Box, p 2]

If the COB's Business Was Conducted in Aymara!

Willka's ideas about the need for change in the COB are not new. He proposed them some six years ago, together with other peasant leaders. Nevertheless, there are problems of communication.

"Even I have a problem," he admits. "It is not possible for an urban teacher, let us say, to grasp it because my language is different from his. I was born speaking Aymara, and I learned Castilian at age 12. This is why our way of expressing ourselves and of interpreting things holds us peasants back."

He explains that as Castilian is the language in which the COB's business is conducted "we sometimes do not make ourselves understood, but if discussions in the 10th Congress of the COB are going to be in Aymara, Quechua, then the other sectors will have interpreters, but they will not be able to explain to us with perfect clarity what they are thinking. This, in fact, is our problem, and it is present in all of the meetings."

And it has consequences: "There are some concepts that sometimes I really have to go to the dictionary to look up, and the following day it dawns on me. Oh hell, that is what was said, and all this time I did not understand!"

Hard To Change

In addition, Willka says that there is a deeply rooted working class ideology in the cities that is hard to change and that can be seen, "for example, in May Day parades, which are completely working class. The peasants in the department of La Paz customarily march on that day. There were more than 5,000 comrade peasants in the last parade. What newspaper coverage did they receive? None. Not even a tiny photograph. There were some 50-100 miners with their little picks, and they came out in a front page photo. It seems that the press is also working class. That is all right. These things happen. They still do not want to understand, it is like passing from one set of customs to another, from one way of life to another; it is hard."

This situation is reflected in the COB. Willka says that "if a peasant was the executive of the COB, I do not know whether the workers would maintain their affiliation, they might decide to disaffiliate because the roots are very strong, the class struggle is very deeply rooted."

[Box, p 2]

Politics and Peasants

The peasant movement has experienced many changes of fortune. It had gained much strength by 1952 but gradually lost it later until, with the creation of the CSUTCB, an equivocal period of crisis began.

Willka explains this phenomenon, recognizing that "our thinking was different before 1952. We did not even understand the problem of the land. The MNR [National Revolutionary Movement] said that it was going to give us land, as though they had brought the land with them; we did not know that the land was ours, that our history was hidden in darkness. Now, all of the peasants are obliged to think things through."

He believes that with the foundation of the CSUTCB in 1979, "matters are becoming much clearer, the current leaders are more open."

"But we have still not been able to escape or deal with the political manipulation that exists in the country. They have manipulated us very easily, for example: The 'Goni' [typical member of an indigenous nation] has become aware of the political accumulation of the past 500 years. On 12 October 1992 we were feeling very strong and right away an Aymara comes along—Victor Hugo Cardenas—to be co-opted, and in the end he ruined us politically. In other words, the indigenous nations were a real answer for many people, but when they saw an Aymara make common cause with the Creoles, they no longer trusted the Aymaras."

This is why he is convinced that Cardenas's decision was a severe blow. "We want to go forward with our own leaders. The people have been trusting, there have been the 500 years of Aymaras, Quechuas, and with their mobilization, we felt united, we could do things, our grass roots believed that now we were strong and people believed that 'these leaders are raising us up.' We even used to say that the workers, that this or that sector, had betrayed us, when someone of our own blood sold himself out to the neoliberal political leadership."

"What do the people at the grass roots think? That their leaders always betray them, there is the Aymara who sold out. I think that Victor Hugo lent himself to that game. If he had not, he would certainly not be in the government, but perhaps he would have had a position of such prestige as to be able to lead, just like Mandela in South Africa, who showed us that this kind of thing is possible."

"Imperialism has very cleverly created a problem for us. Before, it killed us to keep us quiet, now it co-opts us and makes us distrust our own leaders. Who is going to believe me now? I travel among the indigenous nations, I talk, but people are thinking 'this one is just using us to get ahead. Tomorrow or the next day he will surely sell out, just like Victor Hugo.' This is what has happened, and it is very serious."

Nevertheless, asked whether the influence of the political parties in the peasant movement is harmful, Willka says no. "It was harmful before, but lately it is not very important, because who are they influencing? On the one hand, there is the official sector (MNR, MRTKL [Tupac Katari Revolutionary Movement], UCS [Solidarity Civic Union], MBL [Free Bolivian Movement]); on the other, the groups represented in the union leadership, the ASD [Social Democratic Alliance] and the Pachakuti

axis," but he says that it was decided to leave aside party labels and enter the struggle of class and nation. "That is, first I am a peasant, and I am expressing myself this way. This is at the trade union level. Second, I myself feel that I must perform a political task for the liberation of the people. It would seem that these are very exaggerated arguments that the political parties are using. I do not feel manipulated nor am I a manipulator, because I am part of the political leadership."

"I do not believe that there is anyone in the COB.... Who could politically impose a given leader? I do not think that way. There must be very little of that now. That is how it was before. It was said that, politically, this one must be a leader, and everyone had to support him, but no longer."

[Box, p 2]

Production, Culture and Consciousness, Origins of the Peasant Crisis

The ever more important presence of peasants in the various social and political movements is explained by Willka as due to economic, cultural, and political factors, starting with the struggle of the indigenous nations.

In his view, "the struggle is not always in the street. The struggle can be carried out in different ways, and the struggle of the indigenous nations has been one of resistance. They have resisted by retaining their cultural roots, their language, their laws, their form of organization, and even their territories."

This is why, he explains, the peasants produce 70 percent of the country's foodstuffs, while there is not even a single farm operator who produces quinoa, lamb, kidney beans, broad beans, onions, cacao, lettuce, peaches, or corn. The only products the farm operators produce are sugarcane, soy beans, cotton, and beef. The peasants grow the coca. There are no farm operators who grow coca."

Cultural roots are another factor. Willka refers to the peasants' own organizations, structured "on the basis of the philosophy of the land." In this field, the fact that the land, under the Agrarian Reform Law, cannot be seized or divided, "means that no one can take our land from us, and it does not frighten us when they threaten us, saying 'since you have been obstructing us, now you are going to lose your land.'"

The final factor Willka mentions is that the peasants have become aware that they have been exploited, excluded, and oppressed for the past 500 years, and they have never been able to have their own government.

With respect to the first, the peasant leader says that the peasants are participants in two forms of struggle: the class struggle, because they are exploited, "but we are also oppressed and excluded as nation and culture. This, then, is a factor that allows us to raise our consciousness."

Finally, he says that "governments have always been Creole or mestizo, never an Aymara nor any other

indigenous nationality. This an awareness that is taking root in the communities and that is beginning to raise the question: when are we going to manage our own affairs?"

Brazil

PT's Lula Decries Real Plan, Defends Running Mate

PY2806001494 Sao Paulo AGENCIA ESTADO in Portuguese 2253 GMT 26 Jun 94

[Text] Sao Paulo, 26 Jun (AE)—At a news conference PT [Workers Party] presidential candidate Luiz Inacio Lula da Silva today began to implement a strategy he had just proposed to PT leaders; that is, to show the people the damage the Real Plan is causing. Lula attacked the plan in noting that "it foments misery; it overlooks development, the distribution of income, and the creation of jobs; and it funnels social investment funds into the Social Emergency Fund." He also charged the economic team with "interfering in an absurd manner with the Judicial Branch" in asking regional labor courts to refrain from granting compensations for salary losses.

Lula said: "The right thing would be to first negotiate with the workers a basic agreement that would not result in losses for them." He also defended his vice presidential candidate, Senator Jose Paulo Bisol (Brazilian Socialist Party), who had proposed amendments to the federal budget that resulted in the allocation of a total of \$8.6 million to the municipal government of Buritis (Minas Gerais State), where Bisol has a ranch. Lula said: "It is absurd to criticize a senator for distributing funds to municipalities. This is an entirely normal action." Lula added that Bisol's action "is altogether different" from that of Deputies Joao Alves and Ricardo Fiuza, who were involved in the budget scandal. He said: "Bisol is a friend of the mayor of Buritis. He is not like those two, who allocated funds to municipal governments of their electoral districts."

Accounting Office Evaluates Privatization Program

PY2806031894 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 26 Jun 94 p B15

[Article by Cleber Praxedes]

[Text] Brasilia—The National Accounting Office (TCU) has found out that the sale of the state-owned package of majority shares of public enterprises has caused a price slump, preventing the government from making a profit through the possible increase in the value of the shares after the transaction. The TCU, which made a general evaluation of the National Privatization Program (PND), advocated a reformulation of the program.

The devaluation of shares could be avoided through a parcelled sale of shares over a specific period, PCU member Bento Bugarin said.

According to the auditors who reviewed the program, only 5.4 percent of all collected funds were in currency, which helped alleviate the Union's serious fiscal situation. The rest of the price paid for privatized enterprises was paid with government debt certificates, which were bought with substantial discounts on the financial market.

The TCU found out that capital investments made by the government in the enterprises within the PND were several times higher than the amounts that were finally obtained from the transaction. According to Bugarin, the funds that were obtained are not aimed at any specific objective. This means that they did not contribute to developing any activities in which the participation of the state is essential, like the construction of schools or hospitals or other objectives that might improve the people's living standards.

According to the TCU report, the lack of clear rules for the privatization process and for management of the privatized enterprises led to the formation of monopolies in areas like the iron and steel sector.

For Bugarin, who read the report at the TCU plenary session, the sale of share packages, the sale of a low number of shares to employees, and the lack of incentives for the participation of small investors prevented the democratization of capital, permitting the sale of enterprises to single economic groups, which is something that goes against PND objectives.

One of the factors that was noticeable to TCU technicians was the participation of the Companhia Vale do Rio Doce in the auctions. The Constitution sets forth that Congress must authorize state enterprises' participation in private enterprises.

Government Wants Industrial Property Bill Altered

PY2806001294 Sao Paulo GAZETA MERCANTIL in Portuguese 26 Jun 94 p 9

[Article by Maria Helena Tachinardi; quotation marks as published]

[Text] The government wants to modify the Industrial Property (Brands and Patents) Bill the Chamber of Deputies submitted to the Senate. The proposed modifications are now in the hands of Antonio Mariz (PMDB-PB) [Brazilian Democratic Movement Party-Paraiba] and Jose Richa (PSDB-PR) [Brazilian Social Democracy Party-Parana]—the rapporteurs of the Constitution and Justice and Economic Affairs Committees of the Senate, respectively. The modifications are based on an agreement approved during the Uruguay round of GATT talks held in April. The agreement is known as TRIPS ("Trade-Related Intellectual Property Rights") [given in English].

Bio-technically, the TRIPS agreement does not impose any major restrictions on obtaining patents on microorganisms, says Jose Roberto d'Afonseca Gusmao, the National Institute of Industrial Property (INPI) president. Article 27 of the GATT agreement states that "patents will be granted and their rights will be fully enjoyable, without discrimination over the involved technological field. Patents may not apply to plants or animals, but they can apply to microorganisms. In the case of plants, however, a 'sui generis' system can be adopted if there is no system of patents for plant species."

This article does not clash with the government suggestion to maintain patents on microorganisms but not on plants or animals.

Compulsory licenses: Gusmao said the adjustments proposed by the government deal with the wording of regulations. The GATT agreement states that compulsory licenses may be granted provided they meet domestic market needs, except in cases of unfair competition as defined by court or administrative authorities. The agreement adds that the appropriate authorities may cancel compulsory licenses if the circumstances that justified the issuance of such licenses disappear and will probably not reappear. The INPI president said the bill in the Senate will have to be adjusted as follows:

"Pipeline": Article 70 of the TRIPS agreement provides for a "pipeline" system (patent protection on products being developed and/or those yet to be sold on the Brazilian market, until the patent in the originating country expires), even in countries that adopt grace periods before granting the patent. It also provides for a five-year period of exclusive sale on such products to prevent imitation.

In case of the "pipeline" protection, the government suggested a modification prepared by Deputy Roberto Freire, which the Chamber of Deputies did not approve. The government wants to protect patents that have already been launched abroad, provided the products—patented in one or more countries—have not been sold on the Brazilian market. The text approved by the Chamber of Deputies says that "pipeline" protection will be granted only to non-patented products.

Domestic manufacture versus imports: Article 27 of the TRIPS agreement says patents will be granted and their rights fully enjoyable regardless of the place where the product was invented or whether the products are imported or locally produced. Gusmao said this article, which is not very clear, will be submitted to the new World Trade Organization (WTO). "Brazil will respect the WTO decision. The government believes a bill adjusted to the TRIPS should prevail.

The bill at the Senate conditions a patent to full and complete production of the patented product in Brazilian territory, in order to meet domestic market needs, with full use of the patented process. To assure this "compulsory local production," the bill provides for the

issue of compulsory licenses to local manufacturers three years after the issue of the patent.

Gusmao said the government believes "importation does not prove the use of the patent." That is, the patent must be exploited in Brazil, and not through imports. The government supports the local exploitation condition, which foments industrialization."

Parallel importation: This is the importation of patented products without the authorization of the patent owner. Interfarma—an organization of 39 foreign laboratories—has stated that the TRIPS agreement forbids parallel importation. The government, however, maintains that the GATT agreement "says nothing" about parallel importation. Gusmao said parallel importation can be admitted only within a common market or a free-trade zone with reciprocal rights. For example, it will be authorized in Mercosur [Common Market of the South], through regulations in the intellectual property rights code of the four countries. Brazilian, Argentine, Uruguayan, and Paraguayan authorities analyzed the subject last week.

In its suggested modifications, Gusmao said the government does not consider parallel importation because it is inconsistent with the requirement of local exploitation of the patent.

Poll Indicates Majority Support for Real Plan

PY2806010994 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 26 Jun 94 p B1

[Text] People can no longer tolerate the ups and downs of economic stabilization plans. This rejection was emphasized in last week's poll by InformEstado, which revealed that 82 percent of those polled want the next government to continue with the real plan. Only 6 percent want the plan discontinued, while 12 percent said they did not know what they want. Among those who support continuation of the plan, irrespective of who wins the presidential elections, the majority (65 percent) believe that the next president should respect the plan in its entirety, while only 17 percent said that the plan should be only partially continued.

There is considerable support for the plan: 68 percent of those polled back the real. Support for the real increases among members of higher social classes, going from 50 percent for class D to 82 percent for class A. By age, the plan obtained its strongest support from people between 41 and 50. The lower the educational level, the higher the indifference and the higher the number of people claiming to be "neither against nor in favor."

For 58 percent of those polled, the plan will succeed—although partially—as was noted by 32 percent of this group. Pessimistic answers were given by 26 percent, who said the plan will fail (16 percent do not know). Despite the optimism concerning the plan, the people polled were entirely distrustful when asked about price increases. The majority—72 percent—believe that prices

will continue to increase. Expectations over government-set prices are not better: 58 percent believe the government will also continue to increase prices.

Frost Damage Provokes Suspension of Coffee Exports

PY2806022694 Sao Paulo AGENCIA ESTADO in Portuguese 2343 GMT 27 Jun 94

[Text] Brasilia, 27 Jun (AE)—The Brazilian Government today turned down requests submitted last weekend for export licenses for a total of 1 million sacks of coffee. With this move, the government expects to stop speculation on the international market and to reduce abusive prices on the domestic market. Coffee producers are apparently taking advantage of the frost that has in recent days been affecting the coffee producing regions in the states of Parana, Sao Paulo, and Minas Gerais to increase their prices. Coffee price increases have been a factor in increasing the June inflation rate.

Frederico Robalinho de Barros, secretary for commercial policy at the Industry and Commerce Ministry, believes the coffee price increase could jeopardize the implementation of the real on 1 July. The New York Stock Exchange today opened with an increase of 49 cents per pound, representing a 42-percent increase compared to the price on 24 June. Coffee prices have also increased markedly at the London Stock Exchange, where on 24 June the price stood at \$2,230 per tonne but today rose to \$2,980 per tonne; that is, a 33-percent increase.

The government has confirmed that in only three days—25, 26, and 27 June—coffee exporters have requested licenses to export 1 million sacks. This is a much larger volume than what was exported for the entire month of May. Within three days, government experts will survey the affected coffee plantations to assess the damages provoked by the frost last weekend. Ailton Barcellos, executive secretary of the Industry and Commerce Ministry, said: "Preliminary assessments indicate that coffee production may have been damaged to a level of between 30 and 35 percent in Parana State." Robalinho said that losses in other regions may not go beyond 10 percent.

Robalinho announced that the government will have the damage assessment reports by 4 July. Barcellos said: "When we have this data we will be able to reopen the export registries." Barcellos added that "there were an overwhelming number of export license requests during the weekend." Showing indignation, Robalinho said: "These were stupid requests." He added that "within four to five days we will have reports on the extent of the damage." Earlier, Robalinho had met with leaders of the Brazilian Federation of Coffee Exporters (Febrac).

To avert abuse and speculation, the government today issued two decrees that will be published tomorrow (28 June) in the DIARIO OFICIAL DA UNIAO. The first decree temporarily suspends export licenses for soluble coffee that had been granted on the basis of the 24 June

prices (Friday), and turned down all petitions submitted today to export coffee at today's prices. The second decree suspends the export of coffee beans and cancels all export licenses issued on the basis of prices prevailing on 24 and 27 June.

To contain price increases on the domestic market, the government plans to sell part of its coffee buffer stock, which is estimated at 17.5 million sacks. It is estimated that the 1994-95 coffee harvest will yield 22 million sacks.

Roundup of Economic Reports

PY2506000094

[Editorial Report] The following is a compilation of reports on economic activities in Brazil monitored through 23 June.

TRADE BALANCE

Imports in May rose by 86.96 percent with respect to the same month in 1993, increasing from \$1.587 billion to \$2.967 billion. Exports grew by 32.35 percent, rising from \$2.918 billion in May 1993 to \$3.862 billion in May 1994. In the same period the balance of trade registered a 32.76 percent drop, going from \$1.331 billion to \$895 million. According to Ailton Barcellos, executive secretary of the Ministry of Industry, Commerce, and Tourism, monthly imports averaged \$2.138 billion in 1993. Imports in May 1994 were 27.94 percent higher than the 1993 average monthly figure. Barcellos reported that between January and May 1994, exports and imports reached \$16.373 billion \$11.174 billion respectively, accounting for a growth of 7.81 and 24.95 percent respectively if compared with the figures for the same period in 1993. The trade balance surplus was thus \$5.199 billion, which is 16.74 percent smaller than the figure for the same period in 1993. (Sao Paulo AGENCIA ESTADO in Portuguese 2125 GMT 24 Jun 94)

REVENUES

Federal tax revenues amounted to almost \$4.9 billion in May. In real terms this figure is 1.1 percent smaller than the revenues collected in the same period of 1993. Compared to April 1994, May revenues dropped by 7.7 percent. Between January and May 1994, tax revenues amounted to almost \$24.1 billion. This figure is 24.4 percent larger than the figure registered for the same period in 1993. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 17 Jun 94 p B6)

Between January and May 1994, Goods and Services Distribution Tax (ICMS) revenues yielded \$1.15 billion in Minas Gerais. This figure is, in real terms, 14.23 percent higher than the figure for the same period in 1993. Compared to April, revenues rose by 14.14 percent. According to a study by the Minas Gerais Finance Secretariat on ICMS revenues in 1990, they dropped 21.16 percent in Minas Gerais in 1990, while in Sao Paulo ICMS revenues dropped by 29.7 percent, in Santa

Catarina 30.3 percent, in Rio de Janeiro 20.57 percent, in Bahia 21.07 percent, and in Rio Grande do Sul 22.13 percent. Compared to 1990, ICMS revenues in Minas Gerais dropped in 1993, from \$3.29 billion to \$2.6 billion. (Sao Paulo GAZETA MERCANTIL in Portuguese 21 Jun 94 p 5)

DOMESTIC INVESTMENT

The stock of traditional bank investments—bank deposit certificates, funds, and savings—dropped by \$2.2 billion in the first 15 days of June. The National Association of Open Market Institutions claims that investment in bank deposit certificates dropped by \$2.2 billion, while according to the National Association of Investment and Development Banks fund investment dropped by \$1.5 billion. In turn, savings deposits grew by \$1.5 billion. The investment drop was caused by increased demand for black market dollars, which according to the ING Bank accounted for a drain of \$800 million in the first half of June. Open market institutions themselves have also increased their government security purchases. This drop in traditional investment sectors, which amounts to 0.5 percent of GDP, is considered to be a consequence of the currency change scheduled for 1 July. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Jun 94 Economy and Business Section p 1)

DOMESTIC DEBT

The Central Bank, BC, reported on 20 June that the Brazilian Government's debt in securities, which currently stands at \$57.19 billion, increased by 49.84 percent between May 1993 and May 1994. This debt accounts for 10.2 percent of GDP, which has been estimated at 1.047 quadrillion cruzeiros. The BC also reports that its own debt in securities totals \$32.97 billion, and that the debt in securities of state and municipal governments increased from 606 billion cruzeiros to 34.92 trillion cruzeiros between May 1993 and May 1994, representing a 23.02 percent increase in real terms. The debt of the state of Sao Paulo alone increased from 225 billion to 13.36 trillion cruzeiros—that is, a 26.77 percent increase in real terms. The city of Sao Paulo has had the largest increase during this period, with its debt increasing from 29 billion to 2.67 trillion cruzeiros, or a 96.52 percent increase in real terms. (Sao Paulo GAZETA MERCANTIL in Portuguese 21 Jun 94 p 22)

Mines and Energy Minister Alexis Stepanenko has reported that after four years of negotiations between the Brazilian Electric Power Company, Inc. (Eletrobras) and its suppliers, the Finance Ministry has authorized the National Treasury to allocate \$800 million to pay for Eletrobras' debts to its suppliers. The due debt already totals \$780 million, \$550 million of which will be paid for with certificates issued by the National Treasury. (Sao Paulo AGENCIA ESTADO in Portuguese 2337 GMT 22 Jun 94)

EXPORTS

Antartica, one of the main beer breweries of Brazil, is expanding its international operations. Besides the \$15 million it expects to earn this year with its exports to 16 countries, nearly 40 percent more than that in 1993, it expects to increase its guarana syrup exports to its franchiser in the PRC, the Weijia Group, which is currently selling 1 million cans of guarana soft drinks per month in Zhuhai Province in the PRC. Antartica expects Weijia to increase its production to 3 million cans per month in Zhuhai Province in the PRC. (Sao Paulo AGENCIA ESTADO in Portuguese 2203 GMT 20 Jun 94)

FOREIGN RESERVES

Government reserves in dollars again reached record levels at the end of April, although that month the government had to disburse \$2.88 billion for the purchase of U.S. Government certificates as a guarantee to creditor banks for new Brazilian certificates. According to the Central Bank, the reserves totalled \$38.289 billion in April and were fully available. In March these reserves totalled \$38.282 billion. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 21 Jun 94 Section 1 p 10)

IMPORT TAXES

President Itamar Franco has reduced to zero the 25 percent of the Financial Operations Tax that companies installed in Brazil had to pay to import technology. Franco's decree was published in the 22 June issue of the DIARIO OFICIAL. According to Jose Roberto D'Affonseca Gusmao, president of the National Institute of Industrial Property, this decree will stimulate the purchase of foreign technology. The decision to reduce this tax to zero was based on reports by the ministers of finance and of industry, commerce, and tourism. Last year, Brazil paid \$240 million abroad for patent permits, brands, technical assistance, and technology transfer. Gusmao added that this amount is too small for a country such as Brazil, and shows that the companies were evading taxes. (Sao Paulo GAZETA MERCANTIL in Portuguese 23 Jun 94 p 3)

BANKRUPTCIES

During the second week in June, 11 construction companies have gone bankrupt in Sao Paulo and Rio de Janeiro. This number represents an 83.3 percent increase over the preceding week, and a certain stability compared to the second week in May. In May, 27 construction companies went bankrupt, but in April their number totaled only 20. (Sao Paulo GAZETA MERCANTIL in Portuguese 19 Jun 94 p 19)

During the third week in June, 27 companies working with foodstuffs have gone bankrupt in the states of Rio de Janeiro and Sao Paulo. This number represents a 42.1 percent increase compared to the preceding week, and a 68.7 percent increase compared to the third week in May. During the month of May, 63 such companies went

bankrupt, and during the month of April 77. (Sao Paulo GAZETA MERCANTIL in Portuguese 21 Jun 94 p 35)

SAO PAULO EMPLOYMENT

The wave of dismissals that has been observed in Sao Paulo industries over the past five months has been interrupted by the hiring of 288 workers. In practice this represents stability in the employment levels, with a 0.01 percent variation. According to the Sao Paulo State Federation of Industries (FIESP) so far 51,532 workers have been laid off this year in Sao Paulo, making the employment level drop by 2.19 percent. Over the last 12 months the employment level has dropped by 3.5 percent, representing 83,295 dismissals. The employment rate in Sao Paulo State has been negative since October 1993. (Sao Paulo AGENCIA ESTADO in Portuguese 1505 GMT 20 Jun 94)

SERVICES

Beginning 10 July, one of the DC-10 planes of the Rio Grande do Sul Airline, Varig, will be painted with the colors of the Uruguayan airline, Pluna. The first stage of the agreement for the Brazilian company to begin administering Pluna has thus begun. Before the end of the year another Varig DC-10 plane will be transferred to Pluna. According to the Varig board, Pluna will pay Varig for administering the company. Varig President Rubel Thomas said that this proof of Varig's strength in the Latin American market will make the Export-Import Bank sensitive to the company's reorganization plan, which involves leasing operations. (Sao Paulo AGENCIA ESTADO in Portuguese 2122 GMT 22 Jun 94)

PRC Health Minister Discussing Sale of Medicine

PY2406165294 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 24 Jun 94

[Text] The PRC health minister is discussing the sale of PRC-made medicine to the country with Brazilian officials. The cost of these medicines is low, particularly because they are produced in large amounts.

[Begin Flavio Figueiredo recording] Brazil may import medicines from the PRC. The issue was discussed on 23 June by PRC Health Minister Chen Minzhang and Brasilia Health Ministry representatives. The Chinese assert that the medicines will reach Brazil at prices much lower than those on the local market.

According to Minister Chen Minzhang, the PRC produces medicines at a lower cost because the country manufactures them in huge quantities and has high technology for obtaining raw material.

Adinei Moraes, Health Assistance Secretariat chief of staff, said importing would be an alternative way of solving the problem of high medicine prices in Brazil. He added that this is why the government is analyzing the PRC proposal's feasibility. [end recording]

Chile

Plans for Frei Visit to U.S. Described

PY2706205194 Madrid EFE in Spanish 0540 GMT
27 Jun 94

[Text] Santiago, 27 Jun (EFE)—Chilean President Eduardo Frei today begins a two-day visit to Washington at the invitation of his U.S. counterpart. In view of its political and economic significance, President Frei has described the meeting as "a key visit for the future of the country."

Frei will meet Clinton tomorrow at the White House during a working meeting that encompasses a luncheon. The agenda of the meeting includes political and economic issues. Chilean Government sources have said the meeting will center on free trade negotiations between the two countries.

Diplomatic sources have said the Summit of the Americas, summoned by the U.S. Government for December in Miami, will also be a key issue of the meeting.

The Chilean president stressed that his first meeting with the U.S. President comes at the initiative of Clinton, adding that this shows Chile is "a reliable partner" for the United States at the political and economic level.

Just before his departure, Frei said the meeting "is of political, economic, and cultural value." After denying that free trade agreements will be the main issues on the agenda, Frei said: "we will not just discuss economic issues."

Frei added: "We will sit face to face with the U.S. President." Frei said Clinton's invitation is "a great honor, not just for me, but for the entire Chilean nation."

Frei added: "We will discuss human development, how to combat poverty; we will discuss political ethics and how Chile is facing this worldwide problem; and we will discuss the importance of achieving development and social justice on the basis of equality."

Frei said they will also discuss problems pertaining to women, science, and technology.

Foreign Minister Carlos Figueroa said Frei's invitation "shows the U.S. political willingness to seek a rapprochement with Latin America." Figueroa said he believes the U.S. President chose Chile because "although it is a small country, it enjoys enough prestige and moral authority" to be a valid interlocutor.

Figueroa said Chile "has gone beyond traditional U.S.-Latin American ties." He said Frei is going to Washington "to propose ideas and to exchange points of view, not to request anything. All Chileans should be proud of this fact."

Figueroa stressed that Chile "has overcome the mendicant stigma that has always characterized U.S. ties with Third World and Latin American countries."

Figueroa denied that President Clinton's invitation grants Chile the status of a U.S. "privileged partner." He said this invitation shows Chile "is a reliable partner for President Clinton's policy of rapprochement with Latin America."

The Chilean foreign minister added that the meeting "confirms the spirit of rapprochement that currently prevails in the Americas." He said this meeting proves ties with the United States "are not merely based on buying-and-selling or borrowing-and-lending."

President Frei is scheduled to carry out an extensive agenda in Washington following his arrival on Monday. Among other functions, he is scheduled to meet with Treasury Secretary Lloyd Bentsen, with AFL-CIO leaders, and attend a reception that U.S. Vice President Al Gore will host in his honor at the Department of State.

Before meeting Clinton, Frei will hold a working meeting with U.S. businessmen, economists, and legislators. He is also scheduled to meet with U.S. Trade Secretary Mickey Kantor.

After his meeting with Bill Clinton and before his return to Santiago, the Chilean president will hold a news conference.

Frei Departs for Meeting

PY2706142394 Santiago Television Nacional de Chile
Imagen Internacional in Spanish 1100 GMT 27 Jun 94

[Text] President Eduardo Frei departed for a three-day visit to the United States at 2045 on 26 June. During his brief trip to the United States, Frei is scheduled to hold meetings with top-ranking U.S. political and economic officials, the most important of which will be his meeting with U.S. President Bill Clinton. It is expected that the two presidents will surely discuss the Chilean-U.S. free trade agreement during this meeting.

Before his departure, the president headed the traditional transfer-of-power ceremony. During this ceremony, President Eduardo Frei transferred the presidency to Interior Minister German Correa in compliance with a decree read previously by Interior Under Secretary Belisario Velasco. German Correa assumed the presidency in his capacity as Chilean vice president.

Before boarding the plane that would take him to the United States, President Frei stated that his meeting with Bill Clinton does not seek solely commercial objectives:

[Begin Frei recording] This visit has much broader objectives. The free trade treaty is, of course, among the issues that will be discussed. This is not, however, the

only issue to be discussed. There are many other issues. We are most interested in strengthening our political ties, on having fluent bilateral ties with the United States in vast areas. [end recording]

Official: NAFTA Preferred To Bilateral Accord

*PY2706174094 Santiago EL MERCURIO in Spanish
16 Jun 94 p B3*

[Article by Patricio Gomez Couchot]

[Text] Concepcion—Under Secretary of Foreign Relations Jose Miguel Insulza said Chile has a greater preference for joining NAFTA due to several favorable reasons but the government has not made an official decision yet on this issue.

He said: "I would say there is some preference, based on public opinion and comments made by President Eduardo Frei, for studying Chile's incorporation into NAFTA in greater detail but we are not excluding a free trade agreement with the United States."

He explained, however, that the government has not made any decision and hopes to make it in the next few days. He added: "For the time being our main decision is to be flexible, but we are willing to study other alternatives to choose what is best for the country."

Insulza admitted there is a majority opinion favorable to NAFTA because it is a known agreement, its benefits can be immediate for Chile, and it is made up of three countries (the United States, Mexico, and Canada) and not just one. He said: "The way labor and environmental issues are dealt with in NAFTA seem satisfactory to us. In other words, there are favorable good reasons. But we cannot fail to recognize that a free trade agreement with the United States has some advantages because it is more direct, immediate, and adjusted to our own situation."

He pointed out that the main disadvantage of a bilateral trade agreement is that a new agreement must be negotiated subject to conditions and reasons that are not well-defined. He added: "The government has not made a decision but from the opinions given by the majority of government officials one can deduce that there is a preference for NAFTA."

Insulza gave a lecture to Eighth Region exporters that was organized by the Regional Institute of Business Administration, IRADE, and Prochile entitled: "Strategy for Internationalizing Chile and Diplomacy for Development."

He said Chile will try to form a trade association or free trade with Mercosur [Common Market of the South], "to put it in simple terms," because it will open the markets of four countries (Brazil, Argentina, Paraguay, and Uruguay) for us to increase our exports. He added: "Argentina and Brazil currently are our third- and fourth-largest trade partners, respectively, and there is no reason why

they could not be the first and second due to the size of their markets and their closeness to us."

Insulza noted that for Chile, a country with an open economy and clear foreign trade rules, the ideal would be to have a multilateral system with clear rules. He indicated that although that system has not been achieved despite the progress made in the Uruguay Round, preferential agreements with different countries, regions, or groups of countries should be created.

He said Latin America and especially South America have received large quantities of Chilean exports in the last few years. He said Chile has balanced trade with Argentina of about \$1 billion with a surplus of \$7 million favorable to Chile. He added: "There is a relative balance with Uruguay, a slight deficit with Paraguay, and a big deficit of about \$600 million with Brazil."

Insulza said this situation changes if one studies the balance of services, which generally is not included in the statistics; "if it were, Chile would have a surplus with those countries."

SNA President Views Trade Negotiations

*94SM0378B Santiago LA NACION in Spanish 25 May 94
p 16*

[Article by Claudia Saavedra]

[Excerpt] Ernesto Correa, president of the National Society of Agriculture (SNA), considers that there will be no appreciable benefits for the Chilean agricultural sector from a potential trade agreement with the United States. On the contrary, potentially negative effects will be felt in some areas, such as wheat, corn, sugar beets, oil seeds, and dairy products.

Concern has been caused by the rapid progress made in drafting a possible trade agreement with the United States. Correa considers that a complete and basic study has not yet been made of the implications of such an agreement for the national economy. At the same time he considered it unacceptable to sign an agreement providing for trade integration with the United States which could affect the implementation of Chilean agricultural policies.

The SNA leader recalled that the only effort made to study the possible effects of such an agreement was undertaken by the Confederation of Production and Trade (CPC). He considered this study only an "approach" to the subject.

Among the possible problems of a TLC [Free Trade Agreement] Correa gave one example. He mentioned that in the case of Mexico (which presently is a signatory of NAFTA [North American Free Trade Agreement]), the importation of North American sorghum is permitted, without the payment of customs duties, for subsequent reexport to the United States.

Some statements which have been made have caused greater concern in the SNA. It is still not clear whether Chile will adhere to NAFTA or will sign a bilateral agreement.

Subsidies

In addition to the previously mentioned concern, Chilean farmers feel uncertainty about the possibility that an initiative like NAFTA could have an impact on agricultural policies now in effect in Chile. Correa said that these policies provide "minimum protection against sudden and artificial fluctuations in international prices caused to a large extent by the subsidies which the developed countries provide for their agricultural production and exports." He estimated that the United States Government pays \$35 billion annually in subsidies to protect its farmers.

He repeated the concern of the SNA regarding the advisability of a policy of bilateral agreements as an alternative to the strategy of unilateral openness to the rest of the world, which has been the policy adopted in the past. He expressed the view that the number of bilateral agreements which have been entered into have ended up by "undermining the uniform structure of our customs tariffs." He said that "several of the preference agreements have seriously compromised domestic production."

Dollars

What is happening to foreign exchange rates is a matter of concern to the SNA. During the first quarter of 1994 the U. S. dollar has declined by 3.3 percent. Over the past 12 months, according to SNA statistics, the decline has amounted to 6.2 percent in real terms.

Correa said that this does not agree with what Eduardo Aninat, the minister of finance, said when he spoke at a meeting with businessmen on the first day in office of the new government. At the meeting Aninat emphasized the importance which stability in the rate of exchange of the U. S. dollar had for the Chilean export sector. Correa refuted this remark with the fact that the dollar has fallen in value, which, he considered, "could lead to a situation of extreme difficulty."

He said that the lesser value of the dollar, "has contributed to reducing inflationary pressures. However, among other aspects, it is harmful for the Chilean export sector," he emphasized.

Correa defended the Chilean agricultural sector, stating that it is not always the cause of an increase in the index of consumer prices. He said that there are some months, like April 1994, when the index of consumer prices has recorded a decline. [passage omitted]

Frei's Ibero-American Summit Speech Reported

PY2406210894 Santiago EL MERCURIO in Spanish
15 Jun 94 pp A1-A12

[Report by special correspondent Mario Jose Errazuriz]

[Excerpt] Cartagena de Indias, Colombia—President Eduardo Frei urged the meeting here of Ibero-American leaders to make urgent efforts to train and enhance human resources in their respective countries. Frei said it is important to implement educational systems that meet the needs of democracy.

He said Chile is promoting an educational reform program and urged Ibero-American countries to jointly progress in this area.

He urged them to make a serious and collective effort to promote scientific and technological development through the establishment of a scientific and technological development fund.

The Chilean president also proposed the promotion and advancement of free trade without restrictive mechanisms.

Frei told the 22 chiefs of state attending the meeting that within the framework of international trade and the opening of world markets, extra effort must be made to avoid protectionist measures or those that undermine competition among countries.

Frei formally invited those present to the Sixth Ibero-American Summit, scheduled for 1996, in Chile.

The Cartagena summit studied regional policies on trade, social development and integration.

Colombian President Cesar Gaviria officially opened the meeting yesterday. He said the Americas are creating a new international order based on interdependence.

The participants expressed support for the Chilean doctrine of "open regionalism," as reasserted by President Frei in his speech. After discussing it, the participants included this doctrine in the final document of the summit which ends today.

The opening ceremony was marked by the Colombian tragedy one week ago when an earthquake and a landslide killed, according to official figures, over 1,000 people; and Fidel Castro's aggressive speech against the United States. President Frei addressed the summit at 1810 Chilean time. He was the 15th chief of state to address the summit and he did so several hours behind schedule.

At about 0800 (0900 Chilean time), President Frei and his wife, Marta Larraechia, entered the Convention Center hall of flags, where the summit was held. He was greeted by President Gaviria.

After the opening ceremony, in which the Brazilian and Colombian presidents delivered speeches, the first session got under way. Frei was seated next to Fidel Castro.

Eduardo Frei said that although Chile has many options of joining integration organizations at the international level, it clearly upholds a Latin American integrationist tradition.

He said that in the next few years, Chile will implement a regional policy of economic and physical integration and cooperation at the educational, cultural, scientific, and technological levels.

He reasserted the criteria of adopting "open regionalism" on the basis of realistic, specific trade without exclusions."

He said: "In the economy, as in politics, exclusions are both unfair and dangerous."

Frei urged the Americas to improve their competitive level in the international market as a means to achieve an open economy.

Regarding competitiveness at the international level and its improvement, Frei said governments should "abstain from using mechanisms—be they financial, tax, economic, or of any other nature—to undermine competitiveness."

He said such measures distort comparative advantages and undermine the sale of more competitive Ibero-American products.

Frei criticized the use of policy mechanisms, like health, fiscal or environmental measures, to implement protectionist measures.

The Chilean president stressed the need to achieve national economic development on the basis of equity. He said: "The social dimension of development cannot and should not be overlooked."

He said political and economic achievements only make sense if they are accompanied by a substantial improvement of the standard of living for their people.

Frei stated: "Social development is the basis for democracy."

He said the main objective of his administration is to eradicate extreme poverty, adding that a culture of solidarity is being promoted to this effect.

He said this issue will be discussed at the Social Development Summit to be held next year in Copenhagen. He urged the chiefs of state to redouble their efforts so that Latin America may be duly represented at this meeting.

Eduardo Frei included in the summit's agenda a previously unmentioned issue: It involves giving women a bigger role, not just because they represent more than half the population in the region but because they are most affected by economic conditions.

Frei proposed institutionalizing a meeting of the ministers of women's affairs, or of those responsible for women's policies, to be held prior to the UN Conference on Women in Beijing in 1995.

He proposed Chile as the site of this first meeting. He also officially proposed that the Fourth Ibero-American Summit be held in Chile, as the foreign ministers approved on 13 June. [passage on summit developments omitted]

Further on Frei Speech

PY2406214994 Santiago ESTRATEGIA in Spanish
16 Jun 94 p 28

[Text] While addressing the third working meeting of the Ninth Ibero-American Summit in Cartagena de Indias (Colombia) on 27 June, Chilean President Eduardo Frei stated: "The lessons learned in Chile from its traumatic recent past have taught us that democracy is an absolute, indivisible value that cannot be minimized."

The Chilean president added that there may be "different ways to organize a state from the institutional viewpoint, but there cannot be different types of democracies for different types of societies. Democracy, in essence, cannot be upgraded or downgraded."

Frei continued: "We believe democracy exists when free, secret, and informed elections are held. We believe democracy exists when institutions and state branches are respected. We believe democracy exists when there is a Congress that functions, when there is an opposition force to supervise government actions. We believe democracy exists when there is an independent judicial branch to uphold the due process of law," and when "there is freedom of expression with communications media, freedom of information, and freedom of assembly."

Frei added that world "politicians and political leaders are harshly criticized; many say they are not politicians. Those of us seated here—heads of state are political leaders—are very proud to be politicians."

He added that if we want to rescue politics we have to address "two basic concepts. First, a basic ethical and moral concept and, second, a political leader must have a close relationship with the people. We must be concerned about every citizen, no matter how modest and humble."

The Chilean president said: "We must seek broad agreements within our countries. When a president seeks agreements and consensus within his country, the people say that he is weak, that he lacks power, and authority. I believe it is quite the opposite; those of us who seek great agreements and consensus bring stability to the countries, bring grandeur to labor." We respect power and authority "but at the same time we believe power to be impersonal, we believe the law is superior, and we believe in respect for the people."

President Frei met yesterday with his Bolivian counterpart Gonzalo Sanchez de Lozada. It was later disclosed that in September the foreign ministries of the two countries will disclose a proposal to step up bilateral relations. Frei denied that these talks will imply yielding territory to Bolivia, adding that "the subject is not on the agenda." Frei admitted, however, that the subject was raised by the Bolivian chief of state.

Frei commented on his meeting with Sanchez de Lozada, stating that it is important to meet with the various chiefs of state to assess relationships and determine how to improve them.

Frei will meet today with Cuban President Fidel Castro.

Although he did not disclose the subjects they will address, Frei said he upholds the proposal made at the summit: "We want democracy and want to consolidate it," just as we want "respect for human rights." He added: "Practically every country has asked Cuba for a gesture. We want Cuba in the Latin American system, but the next move is basically up to them."

Poll Shows Citizens Back Frei Administration

PY2706213694 Santiago Television Nacional de Chile
Imagen Internacional in Spanish 1800 GMT 27 Jun 94

[Text] Most Chileans support President Eduardo Frei's administration even though this support is less than President Aylwin received during his first 90 days of government.

According to an Adimark poll conducted in Greater Santiago, 54 percent support President Frei's administration, 15 percent disapprove, while 31 percent neither approves nor disapproves. Comparing these figures with the first 90 days of former President Aylwin's government, the support level is lower.

Concerning pending matters, 41 percent believe the government badly handled the case of [Carabineros Director General] Rodolfo Stange, 36 percent believe it handled it well, and 22 percent said they do not know.

Most Chileans believe Gen. Stange should resign.

Correa: Problem With Teachers, Miners 'Serious'

PY2706142294 Santiago Television Nacional de Chile
Imagen Internacional in Spanish 1100 GMT 27 Jun 94

[Text] Vice President German Correa admitted that Chile is currently facing very serious problems. One of them concerns teachers and the other coal miners:

[Begin Correa recording] These are long-lasting problems. They are not being politicized although some may be tempted to do so. For the time being, however, we have not detected any politicization of the situation. These are serious problems but the government is striving to resolve them promptly and with the dignity they deserve. [end recording]

CUT Plans Rallies for 11 July

PY2706222294 Santiago EL MERCURIO in Spanish
15 Jun 94 p pp C1, C15

[Excerpt] The national council of CUT [United Labor Confederation] last night decided to begin a series of rallies on 11 July in response to what it considers the government's lack of attention to its petitions.

The resolution was approved unanimously by the 60 council members who met at CUT headquarters.

On 11 July, called the "Day of National Dignity" in memory of the date the copper mines were nationalized in 1971, CUT will stage two rallies along the Alameda, one beginning at the Plaza Italia and another in the Central Station.

Among other measures, which will be revealed today, the CUT national council decided to call a meeting of Confasin (National Labor Confederations, Federations, and Unions) for 21 June, during which they will agree on future actions.

Last night CUT appointed a committee that will organize the rallies and the other activities scheduled by CUT with the purpose of mobilizing a maximum number of workers.

In the past few days CUT has hardened its criticism of the current administration.

On 8 June, CUT President Manuel Bustos said that relations between the government and workers are at a turning point because of some pending labor reforms.

Bustos said that the workers are demanding changes to the collective bargains law, the dismissals law, and the National Training and Employment Service (Sence). He also said that CUT is willing to discuss the pending problems with the government, but he expects the government to make some decisions.

CUT Vice President Arturo Martinez said on 13 June that the rally does not mean a strike, but a call to attention by the workers.

A series of labor conflicts have taken place at different companies in the past 15 days during collective labor bargains. [passage omitted]

Government Forms National Council Against Poverty

94SM0378A Santiago LA NACION in Spanish 25 May 94
p 4

[Article by Matilde Oliva]

[Text] President Frei has said that the government wishes to include all sectors of national life in the struggle against poverty. He made a statement to this effect when he presided over the ceremony at which the National Council Against Poverty was established.

The organization, which held its first meeting on 24 May, is made up of representatives of different national groups with experience in the field of social development. The government's intention was to bring together persons coming from the most representative areas of national life, both from the government as well as from the opposition, including social organizations, employers and workers, churches, and nongovernmental bodies. The names of the members of the council speak for themselves: Alberto Echegaray, president; Benito Baranda, executive secretary; Gonzalo de la Maza; Claudio Di Girolamo; Roberto Fantuzzi; Bishop Erasmo Farfan; Jose Antonio Guzman; Juan Pablo Illanes; Fernando Leniz; Haidee Lopez; Patricia Matte; Manfred Max-Neeff; Ana Maria Medioli; Eugenio Ortega; Maria Rozas; Alberto Undurraga; Sara Vasquez; Humberto Vega; Monsignor Manuel Camilo Vial; and Jose Zavala.

According to the decree which approved its establishment, the objective of this council is to coordinate the participation of different social groups in answering the national challenge to overcome poverty; to propose action, programs, and strategies to make the social policy of the state more coherent in this sense; to advise the president and the interministerial, social committee; to propose ways of reducing poverty at the regional level; and to contribute to the program that Chile will present to the Social Development Summit Meeting of the United Nations.

President Frei was the only speaker at the ceremony. In his speech he said: "From this place we must be able to call on the conscience of all Chileans so that the task of wiping out extreme poverty will not just be a government policy but the fundamental concern of the nation." He recalled that the basic priority of his administration is to concentrate its efforts on the nine percent of the population, or about 1.2 million Chileans, "who live under subhuman conditions in the most extreme poverty and destitution."

At the same time he added that he will fight to raise minimum wages and to improve living conditions among some three million people who live under precarious conditions.

As to where the emphasis will be placed in the national program to overcome poverty, President Frei pointed out that efforts will be concentrated on specific programs aimed at infants, senior citizens who lack resources, young people, women, urban and rural small businessmen, farmers, the indigenous peoples, and the handicapped.

He stated: "In short the program for overcoming poverty will emphasize the development of backward sectors and will ensure better opportunities for the most vulnerable groups of society."

He emphasized that he hopes to see that an additional public effort is made through the "contributions and the generous initiatives of employers, workers, academic

personalities, church leaders, and representatives of non-governmental organizations, who can design a program as ambitious or even more so than what the government will do."

For his part Luis Maira, minister of planning and cooperation, announced that within the next two weeks the interministerial social committee will unveil the national program for abolishing poverty in the budget of 1994 and the criteria for the preparation of the budget for 1995. He said: "These criteria are going to redirect public expenditures and social priorities toward the poorest groups among the people, such as the regions and territories which now have the greatest cumulative problems."

The minister also said that during the second half of June a meeting will be held of all senior administrative officials, called by minister of the interior German Correa, to discuss the implementation of the plan at the national level.

Colombia

EL TIEMPO Summarizes 2 Taped Conversations

PA2706170094 Santa Fe de Bogota EL TIEMPO in Spanish 22 Jun 94 p 6A

[Unattributed article: "What Do the Tapes Contain?"]

[Text] The cassette that has been circulating clandestinely among various institutions and personalities contains three [number as published] intercepted telephone conversations.

The main protagonist in the three calls seems to be Alberto Giraldo, a journalist who has worked for EL SIGLO, LA REPUBLICA, and Radio Super and who gained some notoriety when he was described as the spokesman of Gilberto and Miguel Rodriguez Orejuela in 1987, a few months after the Cali trial, which ended with Gilberto Rodriguez' acquittal in the first public legal proceeding against him for drug trafficking.

In the three conversations, the man, who is apparently Giraldo, phones individuals who are apparently the Rodriguez Orejuela brothers to let them know of the efforts he has made with persons close to the Ernesto Samper and Andres Pastrana campaigns to negotiate a solution to the Rodriguez' case.

On each occasion, the person, who has been identified as journalist Alberto Giraldo in different circles, refers to names and to efforts to demand, in each case, a remuneration for serving as a middleman.

Conversation One

In the first conversation, Giraldo phones someone who seems to be Gilberto Rodriguez Orejuela. He asks him about the plane that should pick him up and then

explains he has great news. Giraldo tells him he has spoken with Beltz and Maza Marquez [former presidential candidate].

The person speaking with Giraldo, presumably Gilberto Rodriguez, anxiously asks Giraldo about the security of the line they are using and then asks Giraldo why he has not gotten in touch with "Gordo Garcia."

Later in the conversation, Rodriguez instructs Giraldo to get in touch with Alvaro Pava, the Conservative senator who owns Radio Super, so he can be brought up to date on the efforts he has made within Andres Pastrana's campaign.

At the end of conversation number one, Giraldo explains to Gilberto Rodriguez that he has spoken with Maza Marquez, that things have improved a "heck of a lot" and that the important thing is that they deliver the cash so that, according to what he implies, it can be given to Maza Marquez.

Conversation Two

In the second conversation, Giraldo does not seem to be talking with Gilberto but with Miguel Rodriguez Orejuela. Giraldo begins by complaining to Miguel about several articles that have appeared in the newspaper LA PRENSA, whose director is Juan Carlos Pastrana.

According to the complaints, the Pastranas, through LA PRENSA, have accused Giraldo of being the reason why Maza Marquez joined Samper's campaign.

Immediately thereafter Giraldo explains to Rodriguez that "Eduardo," who from the context of the conversation would appear to be Eduardo Mestre, urgently needs money and Rodriguez explains that in fact "Eduardo" already sent an envoy to them.

The revelation worries Giraldo, who finally asked Rodriguez who the envoy was, to which Rodriguez responded that it was Villegas (during the same conversation he was identified as Cesar Villegas).

Both [Giraldo and Villegas] are named in the conversation as alleged intermediaries between the Samper campaign and the Rodriguez Orejuela's. Moreover, the person who is seemingly Miguel Rodriguez reveals that he had also received telephone calls from "Medina" and he asks Giraldo to be calm and discreet and to not discuss this matter with "Eduardo."

"Medina," who elsewhere in the conversation is referred to as Santi, seems in reality to be Santiago Medina, Samper's campaign treasurer.

Due to the tone of the conversation, the person believed to be Miguel Rodriguez questions his caller regarding the safety of the telephone line and later explains that efforts must be conducted on various fronts.

Giraldo insists on the importance of five points, among them several important appointments which, he said, must be guaranteed.

Later in the conversation Giraldo asks what he must tell "Medina," and Rodriguez instructs him to explain that the money will be sent in two payments as they had agreed.

Further on, Giraldo confirms to Miguel Rodriguez that Samper's victory is in his hands and he denies what appears to be an assertion by "Medina" to the effect that the Santo Domingo Group was prepared to contribute to Samper's campaign all the money it needed. According to Giraldo, the campaign needed 5 billion and has only received 2 billion, apparently from the Santo Domingo Group. Rodriguez explains to Giraldo that the remaining 3 billion are ready and the cartel can deliver them without any difficulties.

In response to this assertion, Giraldo complains there was nothing in it for him, to which Rodriguez responds that he is not the candidate nor does he have 47 percent of the vote. Giraldo later insists on receiving a bonus for the efforts he presumably made and Rodriguez tells him that if Samper wins the cartel will give him a bonus. However, he prohibited Giraldo from making separate requests to the two alleged Rodriguez' and two other powerful drug traffickers in Valle.

Later, reference is made to Maza's campaign concerning the fact that it was a good thing he only garnered 60,000 of an expected 100,000 votes, adding that therein lies the importance of the [Rodriguez'] efforts. He was apparently referring to 40,000 votes that might go to Samper.

To conclude, they discussed "Eduardo," apparently Eduardo Mestre Sarmiento, and Villegas; Rodriguez complained of the meager results that usually characterize efforts with "Eduardo" and Giraldo tells him that "Eduardo" had already met with the two top men of the campaign and that what matters is the existence of an agreement that will be fulfilled.

Probe: Recordings Not From Wiretap

PA2806024394 Santa Fe de Bogota Inravision Television Cadena A Network in Spanish 0000 GMT 28 Jun 94

[From the "Seven O'Clock Newscast"]

[Text] A preliminary investigation into the controversial and revealing narco telephone conversation between journalist Alberto Giraldo and Cali Cartel boss Gilberto Rodriguez Orejuela shows that it is very likely that the recording was made from one of the telephones of the two speakers. In turn, the recording probably did not result from a wiretap installed by a third party.

According to what the "Seven O'Clock Newscast" has been able to learn, a preliminary report by the Prosecutor General's Office, which was based on a report by DAS [Administrative Department of Security] experts in wire tapping, shows that the narco-cassette was recorded

by one of the two speakers. This means that journalist Alberto Giraldo or Rodriguez Orejuela intentionally recorded their conversations from one of their own telephones.

The Prosecutor General's Office has been unable to determine which of the two made the recording. The sound has been found to be so clear that the recording had to be made with the use of a radio studio console. This information will be verified and reconfirmed within the next few days by Prosecutor General Gustavo de Greiff, and it could radically alter the course of the investigation.

The Prosecutor General's Office today insisted on summoning the people mentioned in the recording to come forward and testify.

Pastrana News Conference on Tape

PA2806045894

[News conference by Andres Pastrana, former Colombian presidential candidate of the New Democratic Force party, with unidentified domestic and foreign reporters; place not given; broadcast in progress—live]

[Editorial Report] Santa Fe de Bogota Emisoras Caracol Network in Spanish at 1519 GMT on 22 June broadcasts a news conference by Andres Pastrana. Pastrana begins by saying, "the president-elect is lying when he tried to implicate the campaign of Andres Pastrana and Luis Fernando Ramirez in drug trafficking activities." He then adds: "That is why I convened this news conference; to set the record straight."

Pastrana comments on audio cassette recordings of individuals allegedly linking Pastrana's and President-elect Samper's presidential campaigns to drug money. He then reads a statement, which begins by noting that "on 15 June at the Intercontinental Hotel in Cali, when leaving a banquet offered by Valle del Cauca political leaders, a person delivered a tape to me saying it was important." Pastrana then gives a chronology of the events leading up to the disclosure of the cassette recordings. Pastrana later reads a letter he sent to Samper asking him to rebut charges drug money was being used for his electoral campaign if there was nothing to hide, "a thing he did not do."

Pastrana explains that he refused to use this recording for electoral purposes. He states: "Knowing about this tape before the elections, the cassette was not used for electoral purposes." Pastrana plays a portion of the tape recording featuring two unidentified speakers. The text of the recording is as follows:

[First speaker] "Hello?"

[Second speaker] "Hello, how are you?"

[First speaker] "Okay, my brother."

[Second speaker] "What do you have?"

[First speaker] "The best of news."

[Second speaker] "[Words indistinct] I am awake."

[First speaker] "Yes?"

[Second speaker] "Yes."

[First speaker] "Okay."

[Second speaker] "Where are you?"

[First speaker] "I am at [words indistinct]."

[Second speaker] "Okay."

[First speaker] "[Words indistinct] the car?"

[Second speaker] "It will leave at approximately 1000, my brother. Here they do not allow anyone to leave before 1000, you understand?"

[First speaker] "Yes."

[Second speaker] "There are restrictions there, and they do not allow you to leave. [Words indistinct]. The car will be arriving there at a quarter to 12."

[First speaker] "[Words indistinct]."

[Second speaker] "I can anticipate that. By 1100 or 1200 sharp, the car will be in line. [Words indistinct]."

[First speaker] "Perfect."

[Second speaker] "Here we are, here we are..."

[First speaker, interrupting] "No, no, no. It does not matter, it does not matter, it does not matter."

[Second speaker] [Words indistinct].

[First speaker] "Look, I met with the old man."

[Second speaker] "Good."

[First speaker] "I have the best news in the world."

[Second speaker] "Uh-huh."

[First speaker] "The best."

[Second speaker] "Yes."

[First speaker] "[Words indistinct] a hug."

[Second speaker] "Okay."

[First speaker] "[Words indistinct] is a son of a bitch."

[Second speaker] [Words indistinct].

[First speaker] "Huh?"

[Second speaker] [Words indistinct].

[First speaker] "Yes, more or less."

[Second speaker] "[Words indistinct] he spoke?"

[First speaker] "Yes, more or less." [laughs]

[Second speaker] "Why have you not called Fats Garcia again?"

[First speaker] "Oh no. That telephone has me by the balls, man."

[Second speaker] "He says he called you."

[First speaker] [Words indistinct].

[Second speaker] "It is true you were collecting from [words indistinct] because [words indistinct] from the..."

[First speaker, interrupting] "From the big stick?" [laughs]

[Second speaker] "Yes. I found that he was sort of, sort of..."

[First speaker, interrupting] "No, no, no. Look, I have been doing an artful [bellaco] job. But look, today he is going to make a base and (?verify) it for me."

[Second speaker] [Words indistinct].

[First speaker] "More or less."

[Second speaker] [Words indistinct].

[First speaker] "Yes, more or less."

[Second speaker] [Words indistinct].

[First speaker] "More or less."

[Second speaker] "I will tell you how things went when you get here."

[First speaker] "Huh?"

[Second speaker] "I will tell you how things went when you get here."

[First speaker] [Passage indistinct].

[First speaker] "Yes, I conversed this morning..."

At this point, Pastrana interrupts the recording to say: "Continue, continue a little more." The tape continues:

[Second speaker] "Try to call Alvaro."

Pastrana then interrupts the tape again to explain that his campaign treasurer had turned down an offer, conveyed by journalist Alberto Giraldo, from "some people in Cali who wished to donate money for the campaign of Andres Pastrana." Pastrana then continues playing the tape:

[First speaker] "[Words indistinct] it is all arranged. [Words indistinct] I am going to tell you."

[Second speaker] [Words indistinct].

[First speaker] "Yes, of course. I spoke with him (?last night). I am going to call El Gordo now."

[Second speaker] [Words indistinct].

At this point, Pastrana interrupts the tape and states the following:

"They also referred to Dr. Alvaro Pava. My interpretation of this is that Journalist Giraldo said something about part of a whole. Dr. Alvaro Pava [words indistinct] he did not manage money and he was not the treasurer. Alvaro Pava [words indistinct] established contact with different regions to decide on plans for election day. Thus, I also want to make clear that I personally believe he is referring here to something different to that which was described as part of the whole. I do not know what the whole refers to, but I want to make clear that the only person in charge of handling my campaign funds was Dr. Hernan Beltz."

Pastrana continues playing the tape:

[First speaker] "[Words indistinct] a call" [passage indistinct].

[Second speaker] "I talked to Maza."

[First speaker] "Yes."

[Second speaker] "He [words indistinct] after what I told him, but I hope he gives it to me in cash."

[First speaker] [Words indistinct].

[Second speaker] "I hope he gives it to me in cash, to deliver it tomorrow."

[First speaker] [Words indistinct].

[Second speaker] "Good. Okay."

At this point, Pastrana interrupts the tape again to say: "Now, let us listen to the other conversation." The tape recording continues with a discussion between two unidentified individuals.

[First speaker] [Words indistinct].

[Second speaker] "What happened?" [passage indistinct].

[First speaker] "Did you already go?"

[Second speaker] "Yes."

[First speaker] "Really, did you already go?"

[Second speaker] "Yes."

[First speaker] [Words indistinct].

[Second speaker] "No, because [words indistinct] I forget the name. [30-second passage indistinct]

[First speaker] "Wait just a second; let me [words indistinct] to confirm it. Wait just a second."

[Second speaker] "Hello."

[First speaker] "Hello."

[Second speaker] "How is it going?"

[First speaker] "Very good, very good."

[Second speaker] "The man urgently needs money."

[First speaker] "Who?"

[Second speaker] "The man."

[First speaker] "Eduardo?"

[Second speaker] "Yes."

[First speaker] "He already sent us an emissary."

[Second speaker] [Words indistinct].

[First speaker] "Yes, yes."

[Second speaker] "Is he the same one I know?"

[First speaker] "Yes, yes, yes."

[Second speaker] "There are a few little problems here."

[First speaker] "Ah."

[Second speaker] "Because they want everything, everything, everything, everything, everything."

At this this point, Pastrana again interrupts the tape recording to say: "This is the only part that is not included in the EL TIEMPO transcripts, the man's name [words indistinct]. I do not know who they are talking about. This is one of the few passages missing from the EL TIEMPO transcripts." Pastrana continues playing the tape recording:

[First speaker] "Where is he now?"

[Second speaker] "I am not so sure."

[First speaker] [Words indistinct].

[Second speaker] "Eduardo?"

[First speaker] "Eduardo is mentioned" [passage indistinct].

[Second speaker] "Remain calm; I will personally explain it."

[First speaker] "[Words indistinct] depends on how you see things; you are going to [words indistinct]."

[Second speaker] "Yes, but this is also a silly thing."

[First speaker] "[Words indistinct] to talk, because [words indistinct]."

[Second speaker] "This is one thing, and the other is another thing."

[First speaker] [Words indistinct].

[Second speaker] "There are five points that are basic appointments. Right?"

[First speaker] [Words indistinct].

[Second speaker] "[Words indistinct] there are five points there. This is basic."

[First speaker] "Yes. [passage indistinct]."

[First speaker] "I already talked to his brother, and I will talk to Eduardo tomorrow. [passage indistinct]."

[First speaker] "Yes, but not by telephone. [passage indistinct]."

[Second speaker] "What did he tell Medina?"

[First speaker] "Well, I talked to Medina last week, and this week we will [word indistinct] what we talked."

[Second speaker] "But, didn't you [words indistinct]."

[First speaker] "Yes. If he is there tomorrow, we will send him some money on Monday and the rest next week. [passage indistinct]"

[First speaker] "It depends on how you see things [words indistinct]."

[Second speaker] [Words indistinct].

[First speaker] "Then why is Medina saying that is what those from Santo Domingo want to give him?"

[Second speaker] "No, it was not that way."

[First speaker] "That is what he told us that day."

[Second speaker] [Words indistinct].

[First speaker] "All that they [words indistinct]."

[Second speaker] [Words indistinct].

[First speaker] "No, but you cannot fix our lives."

[Second speaker] "Oh, but..."

[First speaker, interrupting] "That is the problem. That is the small..."

[Second speaker] [Words indistinct].

[First speaker] "The day you are the presidential candidate and you have 47 percent of the opinion in your favor, not only [words indistinct]. The change will be made?"

[Second speaker] "The change will be made the day after Samper wins. As soon as Samper wins..."

[First speaker, interrupting] "As soon as Samper wins [words indistinct]."

[Second speaker] "The change will be made the day after Samper wins. All four of us [words indistinct] decided what gift we will give him. [Words indistinct] The day after Samper wins, however, [words indistinct]."

[First speaker] "[Words indistinct] have scared the guys. [Words indistinct] in the coast was really tremendous."

[Second speaker] "You mean the thing with Maza?"

[First speaker] "Right."

[Second speaker] "Remember, however, that Maza did not get the votes he was supposed to get. He was split in half when he got [words indistinct] with one and the other prior to the elections. [Words indistinct] he had more votes."

[First speaker] "How many votes?"

[Second speaker] "No, no, he had more votes. He had 100,000 votes that day and about 40,000 people left him [words indistinct]. What I want to tell you is that what he got was very, very important [words indistinct]. I believe we achieved something that is being highly appreciated [words indistinct]. We will talk tomorrow then?"

[First speaker] "Yes, we will talk tomorrow."

[Second speaker] "When does [words indistinct]?"

[First speaker] "On Friday."

[Second speaker] [Words indistinct].

[First speaker] "No, no, no. We will talk here. [Words indistinct] do not get panicky. Now, you will start calling your brother and asking [words indistinct]."

[Second speaker] "No, no, no. [Words indistinct]."

[First speaker] "[Words indistinct] Do not tell anything to Eduardo or anybody else, please."

[Second speaker] "I will not."

[First speaker] "Please, I beg you, to nobody."

[Second speaker] "[Words indistinct] we are not fools. We know how to do things."

[First speaker] "At this moment, [words indistinct] you know it is not true. That is what I am telling you [words indistinct] but we are doing things correctly."

[Second speaker] "Eduardo sat down with the big ones in both campaigns. They agreed, he told me yesterday. It is a promise and it has to be kept. They are the guarantors of this commitment. We will go to Europe to talk to him. We will define things then and see how things will be done."

[First speaker] "Well, [words indistinct] see you tomorrow."

At this point, there is a pause in the recording with an unidentified speaker making inaudible comments. The following recording is then played:

[First speaker] "Hello, hello?"

[Second speaker] "Hello. Hi, Alberto, how are you?"

[First speaker] "Well, how are you?"

[Second speaker] [Words indistinct].

[First speaker] "They have me all screwed up."

[Second speaker] [Words indistinct].

[First speaker] "[Words indistinct] in the press."

[Second speaker] "[Words indistinct] it is Saturday."

[First speaker] "No, I mean the newspaper."

[Second speaker] "When?"

[First speaker] [Words indistinct].

[Second speaker] "What did he say?"

[First speaker] "I am a government spokesman [words indistinct] in the sense of getting General Maza involved in that thing. It is a very dirty trick, don't you think?"

[Second speaker] "Yes."

[First speaker] "Send for that newspaper [words indistinct]."

[Second speaker] "Yes, I will send for it."

[First speaker] "Send for it right away."

[Second speaker] "[Words indistinct] I sensed something [words indistinct]. You have to be calm about this."

[First speaker] "No, no, no. I am not..."

[Second speaker, interrupting] "It is nothing bad. In any case, you are not going to make an issue of this, right?"

[First speaker] "No, no, no. I am already..."

[Second speaker, interrupting] "Do not let those sons of bitches get to you. [words indistinct]."

[First speaker] "[Words indistinct] said I had given a lunch [words indistinct] for the meeting with Maza. I want to tell you, however, that I talked to the man. He is thrilled, at ease, and very happy because the tour of Santa Marta was very good, very positive, and it had good results because all the people attended it."

"Guillermo called this morning to say that the situation with the press should be stopped because [words indistinct] they are sons of a bitches. [Words indistinct] he told me: I am very happy. We are going to win. There will be a big mobilization."

"[Words indistinct] but here we go anyhow. Another issue is [words indistinct] and [words indistinct] of the secretary said that tomorrow we will go to [words indistinct]."

[Second speaker] "[Words indistinct] what have they got?"

[First speaker] "He spoke for both of them, for the two trips, for No. 1 and for the one who will be No. 1 and [words indistinct] and he gave him carte blanche to negotiate."

[Second speaker] [Words indistinct]

[First speaker] "(Fidel Velasquez) [not further identified]."

[Second speaker] "[Words indistinct] I have told (Augusto Lara) [not further identified] to [words indistinct] a friend of the one who was listening, and all for nothing. It was the same tiresome talk about him not persecuting anybody, that this [words indistinct] pressure [words indistinct] gave others some son-of-a-bitch reasons. Who is exerting pressure here? [passage indistinct]"

[Second speaker] "[Words indistinct] have been willing to comply at any moment. We have tried to find ways to cooperate. Either person has the opportunity to [words indistinct]"

[First speaker] "We will talk about this tomorrow."

[Second speaker] [Words indistinct]

[First speaker] "[Words indistinct] do what must be done. I am not questioning you; do what you must."

[Second speaker] "[Words indistinct] more bars and more fiestas [words indistinct] they met, talked, [words indistinct] but this is a very serious commitment [words indistinct]."

[First speaker] "Manolo [words indistinct] to them. [laughs] [words indistinct] Then, tomorrow I..."

[Second speaker, interrupting] "Let them look deep into their hearts and say whether or not we have been honorable people who want peace, order, and justice and [words indistinct] the best."

[First speaker] "Tell me one simple thing: We are going to have dinner with you tomorrow afternoon, right?"

[Second speaker] "Yes, yes, but do not bring too many people in one of those peppy entourages of yours."

[First speaker] "Only he and I are going."

[Second speaker] "There you have it."

[First speaker] "Look, this is important because of [words indistinct]."

[Second speaker] "[Words indistinct] one thing. It is bad because of [words indistinct] it is bad to say [word indistinct]. You have been there, and you have a voice. We are here. I do not know [words indistinct] to tell lies. [Words indistinct] that you are not a son of a bitch."

[First speaker] "Of course not! Of course not!"

[Second speaker] "Then you will come up with a story—the same story as always. You will always find that kind of people."

[First speaker] "Of course not!"

[Second speaker] "The president should begin [words indistinct] we are doing nothing illegal, nothing outside the law. These are decent people—people who want to go legit, who have helped such and such kind of people. [Words indistinct] without finishing what he was going to do."

[First speaker] "I want you to deliver a message."

[Second speaker] "You spoke with Augusto also. That was a disgrace. They used me. A couple of friends asked me to lend [words indistinct]. What else could I do?"

[First speaker] "[Words indistinct] Gato."

[Second speaker] "Gato is dangerous [words indistinct]."

[First speaker] "You did not send me the money [words indistinct]."

[Second speaker] "[Words indistinct] has it. [Words indistinct] and I saw her looking so squalid that I spent half of it [words indistinct]."

[First speaker] "Now, brother. Now."

[Second speaker] "[Words indistinct] creates unrest and [words indistinct]."

[First speaker] [Words indistinct]

[Second speaker] "[Words indistinct] to make friends."

[First speaker] "And the six current cases?"

[Second speaker] "Mrs. Casco says she is going to send them."

[First speaker] "No, because they have red." [sentence as heard]

[Second speaker] "[Words indistinct] do not."

[First speaker] "Are you sure?"

[Second speaker] "[Words indistinct] There is no need. Fortunately there is no need. [Word indistinct] now we have to send that to Alberto [words indistinct]."

[First speaker] "Do you have other things?"

[Second speaker] "We sent a copy to LA PRENSA."

[First speaker] "Okay." [laughs]

[Second speaker] "Do not worry about that or run any publicity [words indistinct]."

[First speaker] "Look, something amazing just happened. I spoke to LA REPUBLICA, and they said this is your home and that we have known for many years that

you are a friend of these people. [Words indistinct] they were very good after all of the lies throughout the campaign."

[Second speaker] "Why not publish all of the meetings with the informers? The people from Norte del Valle donated \$2 million."

[First speaker]) [Words indistinct]

[Second speaker] Let us start investigating to find out what happened in order that they can cancel support."

[First speaker] "If that turns out to be true, then all hell will break loose."

[Second speaker] "That is it for now."

[First speaker] "Ciao."

After playing the recording, Pastrana says: "At no time does the recording refer to donations to my campaign." He then says he received a call from the prosecutor general, asking him to confirm the delivery of the tape to President Gaviria, and he says he will confirm this delivery. Pastrana says "it cannot be inferred that my campaign requested or received offers of drug money from the tapes."

Pastrana says, "If it is proven that the Colombian president-elect's campaign received funds from drug traffickers, he will relinquish the mandate he received from the people; otherwise his credentials will be distorted."

When questioned on whether he is asking Dr. Samper to resign, Pastrana asserts: "If it is confirmed that drug money was used for his campaign, he should be ready to resign the presidency, as I would be if I won the election and if my campaign had received drug money." When asked how can he assure he did not receive Cartel money, Pastrana says: "Do you think I would go to the president of the Republic to tell him, here is a tape that compromises me, please investigate me." He continues: "Three days before the elections I made a clear proposal. After learning about the tape, I said I was willing to resign if it were proven that there was drug money in my campaign."

Pastrana explains he is not hesitant to surrender the accounting books of his campaign, adding: "Those books are always open. In my case, we have not only turned the books over to the supervisory commission but also to the National Electoral Council, which closes out electoral campaign books." When asked if he would be willing to cooperate with the Samper administration if it is confirmed that Samper did not receive drug money, Pastrana says: "I personally do not hope to participate in the Samper administration."

Pastrana asserts: "No one in the world can say my campaign was funded by drug money." When asked about General Maza's involvement in this affair, Pastrana responds: "This is worrisome; there are statements

in the recording that are very worrisome. It is up to the public to assess these statements."

Responding to a question, Pastrana states: "More than thinking about a deterioration of relations with the United States, the country demands that this matter be clarified." When questioned on whether he is ready to lead a campaign to force the resignation of a corrupt president similar to campaigns in Brazil and Venezuela, Pastrana says: "I would rather wait for the results of the investigation."

Pastrana concludes his news conference at 1622 GMT by stating that he has received death threats from the drug cartels and by answering questions on the upcoming soccer match between Colombia and the United States.

Reporter Reviews 'Facts' on Campaign Contributions

PA2706164494 Santa Fe de Bogota EL TIEMPO in Spanish 23 Jun 94 p 6A

[Text] Journalist Alberto Giraldo Lopez spoke with an EL TIEMPO reporter by telephone to give an account of the controversial conversation he had with members of the Cali cartel.

He said it seemed "unfair to Samper, a president who won the elections honestly, to find himself involved in such a mess." He emphasized that "the transcript you published does not include the part where I said that neither of the two campaigns received money."

Giraldo explained that he had spoken to the Rodriguez Orejuela brothers and asked them to contribute to the campaigns. "They gave me discretionary powers," he said, adding that he had met with Santiago Medina, treasurer of the Samper campaign, through Eduardo Mestre. "Eduardo had no connection to the campaign, but he is an important member of the Liberal Party," he said.

Giraldo added: "Two days later I spoke with Medina, and he declined the offer, saying that the campaign was being conducted very honestly and that there was an overseer and an ethical prosecutor. Unfortunately, no definite decision was reached."

Giraldo said he also had breakfast with Hernan Beltz, financial director for Pastrana's campaign, and made him the same offer. Like Medina, Beltz consulted with the party's board of directors, and their answer was negative. Giraldo added that he "later spoke with Alvaro Pava, who told me he would discuss the offer with Andres. Pava later gave me a negative answer; both sides said no."

Giraldo Lopez said he suspects the recording was made by the CIA or DEA, adding that he cannot understand why it was given to Pastrana in Cali by unidentified individuals instead of to the authorities.

Giraldo declared "his civil death. I committed civil suicide. However, it is unfair that, due to a mistake by a

man like myself and because of an improper action by foreign governments, they should attack Colombia's democracy and taint the credentials of a man like Samper, who won the elections honestly."

Alberto Giraldo Lopez sent the following message to EL TIEMPO director Hernando Santos:

With a great display of publicity, television and radio newscasts and the press transcribed excerpts of a telephone conversation I held with Gilberto and Miguel Rodriguez Orejuela.

People who know me know that for many years I have been a friend of the Rodriguez Orejuela brothers, who also count among their friends many honest people with whom they discuss various issues including politics, which, to a certain extent, affects them. During the conversation in question, we discussed politics, and the simple truth is the following:

I told Gilberto and Miguel Rodriguez Orejuela that I could talk with the candidates' treasurers to see if it would be possible for them to make campaign contributions in an uncompromising manner.

In Dr. Ernesto Samper Pizano's camp I spoke with Dr. Santiago Medina, who refused to consider my proposal, because the candidate himself had said that it was essential to keep contributions honest and ordered strict internal supervision.

In Dr. Andres Pastrana Arango's camp I spoke on two occasions with Dr. Hernan Beltz Peralta, his campaign manager, and Dr. Alvaro Pava Camelo, director of the Sunday elections [Domingo Electoral]. Both of them refused the contribution with arguments similar to those set forth by Dr. Samper's camp. Both camps deemed the contributions unacceptable, and my efforts proved useless.

I called the same number to inform the Rodriguez brothers of this. They said they would respect the campaign treasurers' position, although they were not requesting any services in return. I responded that at any rate the parties had declined the offer in a very courteous manner. Strangely enough, this part of the dialogue was withheld; only the part that could harm Colombian democracy was published.

Unions Council Issues Communique on Elections, Controversy

PA2706002594 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 24 Jun 94

[Text] The National Unions Council, which includes all production associations, has released the following communique:

1. The democratic process to elect a president of the Republic has been honest and has made it possible for the people to express their will in accordance with constitutional provisions and regulations. The National

Unions Council therefore reaffirms its support for the process and endorses the sovereign decision that has resulted in the election of the president of the Republic.

2. The Council voices its deep concern about the serious and negative consequences resulting from the way in which the controversy over the alleged use of drug money in the recent electoral campaign has been conducted.

3. The Council invites all Colombians to remain calm and composed, as required by the circumstances, in analyzing and reporting the facts and asks that the Prosecutor General's Office promptly reach conclusions in the corresponding investigation.

[Signed] Acolfa [Colombian Association of Auto Parts Manufacturers] President Camilo Angulo

Acoplasticos President Carlos Alberto (?Aranca)

ANDI [National Association of Industrialists] President Carlos Arturo Angel Arango

Asocoflores [Association of Colombian Flower Growers] President Juana Maria Unda

Camacol [Colombian Chamber of Construction] President Alberto Vasquez Restrepo

Gaviria, Others Urge Defense of Nation's Image

PA2406191494 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 24 Jun 94

[From "The Midday Newscast"]

[Excerpt] Colombia is preparing to oppose all campaigns aimed at tarnishing and destabilizing the country. President Cesar Gaviria, political and private sector leaders, and average citizens all issued calls today for a defense of the nation's greatness and dignity.

Colombia is a large and good country, and most Colombians agree with this and oppose those antagonistic citizens who are attempting to drive us into pessimism. Not even our national soccer team's recent defeats or the calls of cowardice cloaked by anonymity will allow anxiety and uncertainty to return to Colombia.

Every Colombian agrees on one single truth: Colombia is greater than those who seek to destroy it.

[Begin recording] [President Cesar Gaviria] We must not allow the cartels to emerge victorious in what constitutes their main objectives: to divide allies in the struggle against organized crime. When judicial cooperation fails, the cartels win. When Colombia's image overseas is tarnished, the cartels win. When the credibility of our political leadership is attacked, the cartels win. The cartels are quite aware of this.

[Vice President-elect Humberto De la Calle Lombana] As the president of the Republic pointed out, we also reject all of these malicious and ill-intended attacks

whose ultimate victim will be Colombia. Over the past few days, these malicious and ill-intended attacks have been circulating throughout the foreign media.

[Carlos Arturo Angel, president of the National Association of Industrialists] We will continue to work. We simply believe that these are unfortunate incidents which damage us, but they will not stain our country's name. This is a good country. A country of men and women who are determined to forge ahead at all times.

[Ernesto Lima, president of the Lima Insurance Co.] I am quite certain the new administration will know how to direct the country toward very optimistic objectives. I am sure that the country, which has been properly directed in recent years, will continue to be directed adequately by Dr. Ernesto Samper.

[Sabas Pretelt de la Vega, president of the National Federation of Businessmen] I do not believe that we should return to the past days of violence. The business sector is willing to support Colombia and the new administration in the state modernization process and in all of their attempts to strengthen Colombia's institutions. [passage omitted] [end recording]

Paper Publishes Election Results by Department

PA2506160494 Santa Fe de Bogota EL TIEMPO in Spanish 20 Jun 94 p 8a

[Boxed table showing results of the 19 June presidential elections by department with 97.5 percent of the tables counted]

[Text]

Department	Andres Pastrana	Ernesto Samper	Blank Votes	Total
Antioquia	469,492	356,387	8,204	838,284
Atlantico	133,592	192,045	4,097	332,476
Bolivar	119,688	154,809	2,141	279,406
Boyaca	165,191	131,284	3,064	301,836
Caldas	163,767	116,313	2,637	284,508
Cauca	72,255	99,401	2,213	175,803
Cesar	59,841	70,775	799	132,401
Cordoba	107,464	150,430	1,529	261,889
Cundinamarca	200,386	198,230	3,433	404,420
Choco	14,732	24,377	321	39,948
Huila	111,097	80,042	1,299	193,566
Magdalena	83,753	106,003	1,250	192,881
Narino	149,012	112,105	3,106	266,594
Risaralda	100,269	81,547	1,587	184,410
Norte de Santander	135,217	98,992	1,720	237,265
Quindio	53,062	64,361	946	118,945

Santander	207,107	226,201	3,863	439,282
Sucre	62,462	103,262	1,254	168,783
Tolima	122,347	142,866	2,505	269,439
Valle	359,943	383,416	6,462	754,197
Arauca	8,132	15,377	375	24,044
Caqueta	21,620	22,024	933	44,942
Casanare	5,839	22,158	406	28,633
Guajira	31,531	38,534	579	71,374
Guainia	1,242	1,985	50	3,332
Meta	50,066	57,093	1,186	108,873
Guaviare	3,250	3,534	149	6,985
San Andres	5,643	6,048	87	11,844
Amazonas	3,336	4,014	122	7,584
Putumayo	17,180	15,951	478	33,829
Vaupes	1,077	2,619	30	3,722
Vichada	1,282	2,936	57	4,304
Bogota	495,498	570,209	14,899	1,085,192
Indian/Black communities	8,853	11,249	277	20,442
Totals	3,545,226	3,666,577	72,058	7,331,483

Paper Publishes Election Results by Departmental Capital

PA2506160894 Santa Fe de Bogota EL TIEMPO in Spanish 20 Jun 94 p 8a

[Boxed table showing results of the 19 June presidential elections by departmental capital with 99 percent of the tables counted]

[Text]

Capital	Ernesto Samper	Andres Pastrana	Blank Votes
Leticia	2,565	2,346	103
Medellin	115,308	155,121	2,941
Arauca	6,360	4,150	71
Barranquilla	104,552	72,711	2,615
Cartagena	57,489	53,158	Not Available [NA]
Tunja	13,078	15,225	264
Manizales	43,238	59,010	1,144
Florencia	8,824	11,114	363
Yopal	5,329	2,684	134
Popayan	23,822	24,549	483
Valledupar	26,917	21,969	333
Monteria	28,052	24,270	341
Quibdo	4,834	3,214	62
Puerto Inirida	1,289	910	38

San Jose del Guaviare	3,058	2,755	121
Neiva	27,549	25,020	390
Riohacha	11,368	8,284	172
Santa Marta	97,686	78,687	1,180
Villavicencio	29,564	27,724	460
Pasto	29,815	40,550	874
Cucuta	55,162	60,779	812
Mocoa	3,282	3,544	55
Armenia	32,393	29,148	471
Pereira	47,014	41,251	887
San Andres	5,607	5,039	NA
Bucaramanga	75,065	55,829	1,206
Sincelejo	24,537	14,729	338
Ibague	44,200	33,263	579
Cali	176,746	140,805	3,400
Mitu	NA	NA	NA
Puerto Carreno	1,169	945	24
Totals	1,676,081	1,514,281	34,760

Ecuador

FUT To Strike 28 Jun Despite Mobilization Decree

PA2806020294 Quito *Voz de los Andes* in Spanish 2300 GMT 27 Jun 94

[From "The Voz Andes Newscast"]

[Text] Leaders of the United Workers Front [FUT] are reaffirming their decision to strike on 28 June; they say they do not fear the president's National Mobilization Decree, a decree they want repealed. They are also making the following demands:

[Begin unidentified speaker recording] We are asking the Supreme Court to uphold the Constitutional Guarantee Tribunal's decision to suspend the Agrarian Development Law. This demonstrates the country's true position, and it proves that the position of the workers and peasants from the various fronts is justified when they demand that the Agrarian Development Law approved by the National Congress be repealed. [end recording]

The National Teachers Union has joined the strike and is demanding that the freedom of education projects be suspended. The union is also demanding higher salaries for teachers.

[Begin unidentified speaker recording] The Ecuadoran teachers have listed their demands: We oppose the standard salary draft bill, and we are demanding higher wages and salaries in accordance with the law. We oppose the two hours of religious teaching, and we support free lay education at all levels. We also are

demanding that the 62 teachers who have been dismissed unfairly be reinstated. [end recording]

The FUT strike has been widely criticized by politicians and analysts who say that the Indian situation is being exploited. Also, the impact of this strike, a strike that many believe is unjustified, must be considered at a time when most of Ecuador has just been returned to tranquillity.

Mobilization Decree Counteracts Strike

PA2806021194 Mexico City *NOTIMEX* in Spanish 2249 GMT 27 Jun 94

[Text] Quito, 27 Jun (NOTIMEX)—Official sources reported today that the Ecuadoran Government will enforce the National Mobilization Decree that has been in effect since last week to counteract a 28 June labor strike declared to express support for Indian protests.

Government Minister Marcelo Santos said the government drafted a national plan to confront the work stoppage called by the United Workers Front (FUT). The strike was called to demand the suspension of the decree that established the state of emergency and to express support for the Indians who are demanding the repeal of the new Agrarian Development Law.

The strike is taking place one week after President Sixto Duran Ballen issued the mobilization decree following violent demonstrations staged by Indians to protest the Agrarian Law.

Santos announced the Army and police will be deployed within the framework of the National Mobilization Decree to maintain public order and to guarantee the Ecuadoran people's security during the strike, the fifth such strike declared by FUT in 22 months since Duran Ballen took office.

Meanwhile, FUT President Juan Andrango confirmed the unions will stage a 24-hour strike on 28 June to express solidarity with the Indians and to condemn the government's economic policies. At a news conference, the union leader confirmed the labor union's decision to suspend work, and he outlined the "battle plan" workers will follow on 28 June.

The repeal of the National Mobilization Decree and the suspension of the Agrarian Development Law, which has triggered an Indian uprising, are among FUT's demands. FUT also is demanding that the government put a stop to constant rises in fuel prices and reject its "neoliberal" policies, including the privatization of public enterprises.

Alfredo Corral, labor and human resources minister, deemed the FUT strike "untimely," because talks between the government and the Indians on a new agrarian law are expected to resume soon. Corral maintained that FUT is very irresponsible because it is organizing a strike at a time when the executive branch's National Mobilization Decree remains in effect. The

official added that the strike is not aimed at mitigating labor claims. Instead, he said its political undertones are evident within the pretext of expressing solidarity with peasants and Indians.

Minister Corral expressed regret over the union's decision and warned that, under the National Mobilization Decree, the Armed Forces will be in charge of ensuring the country's social order and peace. President Duran-Ballen last week issued the National Mobilization Decree to overcome internal unrest triggered by nine days of Indian protests over the Agrarian Law, which they say is unconstitutional.

The Indian demonstrations, including roadblocks, brought business to a standstill in at least six provinces of the inter-Andean and Amazon regions and sparked shortages of food, medicine, and petroleum byproducts in several regions.

Leaders of the Confederation of Indian Nationalities of Ecuador (Conaie), the group leading the demonstrations, have reported that at least four people have died, 15 have been wounded, and an undetermined number arrested during confrontations with security forces.

FUT Suspends Strike Until 'Mid-July'

PA2806040594 Mexico City NOTIMEX in Spanish
0255 GMT 28 Jun 94

[Excerpt] Quito, 27 Jun (NOTIMEX)—Union sources reported that Ecuadoran unions decided tonight to suspend the 24-hour general strike scheduled to begin early on Tuesday. The United Workers Front (FUT), which called the strike in solidarity with Indian organizations, said "conditions are not right" for the strike.

FUT President Raul Andrago said the workers' unions held an extraordinary meeting this afternoon and evening and agreed to suspend the strike that was scheduled to begin at 0600 on Tuesday (1100 GMT). The leader of the main union in this country of 11 million people clarified that the general strike has not been indefinitely suspended and announced that it will be held in mid-July, according to the circumstances.

FUT had called a 24-hour "preventive" strike for Tuesday to reject the economic policies of Conservative president Sixto Duran Ballen. The strike was also a show of support for the peasant and Indian movement headed by the Confederation of Indian Nationalities of Ecuador (Conaie). That organization is demanding that the government repeal the new agrarian law, which Conaie considers unconstitutional. [passage omitted]

Paraguay

Foreign Minister Departs for New York

PY2706164294 Asuncion ABC COLOR in Spanish
26 Jun 94 p 19

[Text] On 25 June, Paraguayan Foreign Minister Dr. Luis Maria Ramirez Boettner traveled to New York

(United States) where he will participate in a meeting sponsored by Ecosoc [Economic and Social Council], a UN economic and social organization. The meetings will begin on 27 June and end on 29 June.

Paraguay joined Ecosoc last year and this is the first time a Paraguayan foreign minister will participate in these meetings.

The Paraguayan foreign minister will travel from New York to London to join a presidential entourage that will begin an official visit to the UK that will end on 7 July [date as published].

Bolivian and Uruguayan Foreign Ministers Depart

Bolivian Foreign Minister Antonio Aranibar Quiroga and Uruguayan Foreign Minister Sergio Abreu Bonilla returned to their respective countries on 25 June after participating in meetings in Asuncion to relaunch Uru-pabol [Permanent Joint Commission of Uruguay, Paraguay, and Bolivia], a political organization that was dissolved in 1982 because it was described as being unnecessary.

Senate Approves Bill on Military in Politics

PY2706232894 Asuncion ULTIMA HORA in Spanish
24 Jun 94 p 3

[Text] This morning, the Senate approved articles of a bill to punish active-duty military and police personnel who become involved in partisan politics. Punishment ranges between six months and two years of imprisonment. Two opinions, one raised by the Legislative Committee and another by the Constitutional Affairs Committee, were considered.

The first paragraph of Article No. 1 states that violations include "opinions, remarks, or expressions on partisan politics or proselytizing acts." There was a long discussion on the possibility of applying this provision to public or private activities. As we went to press, some congressmen were asking for a reconsideration of this paragraph.

The senators also described as a violation "any presence at meetings organized by political, partisan, movement, municipal, departmental, or national authorities that are not of an official, professional, or merely social nature."

Another violation of the bill approved by the plenary session involves "the presence of military or police personnel at meetings of political parties, movements, or factions, even if said meetings are held at buildings that do not belong to any party or movement." In addition, "efforts to raise funds and resources for any type of political activity, their donation, or their management by military or police personnel or any intermediary" will be considered a violation. In its last paragraph, the bill describes "political party or movement membership" by military or police personnel as a serious violation.

Article No. 2 establishes that ordinary criminal courts will hear the appropriate proceedings, which may be filed through an official petition or through a petition by any qualified person. Article No. 3 establishes that an arrest warrant against military or police personnel involved in these violations will automatically entail the suspension of their duties and that they will serve their arrest at a unit established by the office of the Armed Forces commander-in-chief or the national police. The last article of the approved bill states that those who violate the current bill will be liable to a prison term ranging between six months and two years.

Direct Chaco-Europe Cocaine Connection Probed

PY2806011694 Asuncion ABC COLOR in Spanish
26 Jun 94 p 6

[Text] The transport of cocaine from Bolivia and Colombia—though from the latter country to a lesser extent—to Europe has reportedly become easier with the discovery of a direct route to the European black markets.

The construction of clandestine airstrips for medium- and large-sized planes in the Paraguayan Chaco is reportedly the key to all this. Bolivian drug traffickers are reportedly gradually giving up the obligatory route through Asuncion for shipment of cocaine directly from the Chaco.

Police sources have reported that the Chaco-Europe connection reportedly includes Spain and Portugal, and other neighboring countries, as the final destination for the drugs.

Top officials from the National Antinarcotics Secretaria (Senad) are reportedly aware of this fact, which is under investigation to verify the seriousness of what is really happening.

The sources added that the clandestine airstrips are no longer limited to small single-engine or twin-engine planes, but can also receive larger planes capable of direct international flights or with fewer stopovers.

The controls carried out lately at the airports in the various countries of our continent have forced traffickers to find other ways to continue to export cocaine to Europe with the least risk possible.

The Paraguayan Chaco offers the traffickers the best possibilities for conducting clandestine operations and flights, due to little or no air or land control, the sources added.

Senad does not yet know for sure where the landing strips are located, although the sources reported that they could be located in Pedro P. Pena, Eugenio A. Garay, Parque Cue, and Infante Rivarola. The police sources added that these airstrips could also be located north of Lagerenza, or in the woods near San Alfredo or Sierra Leon.

Peru

Panama Election Vote Counting Urged as Model

94SM0376A Lima CARETAS in Spanish 19 May 94 p 32

[Article by Fernando Rospigliosi in the "Controversies" column: "Obscurity-Transparency"]

[Text] The changes that the pro-government majority is introducing into the electoral system, under the pretext of making it more efficient, only cast new shadows on the transparency of that system.

The installation of a computation section in each voting place, where all the tallies of the sections are gathered and an additional tally is prepared with the total number of votes at that location, complicates the counting, makes it more troublesome, and slows the process unnecessarily.

The simplest and fastest way is precisely what is not done: send in each section's results as these partial results are obtained. In this way, unnecessary problems are avoided, such as those caused by a situation where, in a voting station where there are 30-40 sections, the transmission of results can be delayed for many hours because of the need to compile a new tally, and because one or two of those sections will probably lag behind the others.

In the recent election in Panama, where I was an observer, the sections—each one had up to 350 voters—closed at 1600. At 2000, the Supreme Electoral Tribunal announced the partial results and continued to broadcast the results as the counting proceeded. At 0800 on the following day, the president of the Tribunal appeared on television and announced the vote count, which was almost 90 percent complete. In other words, an almost definitive result. A little later, the president of the republic received in the palace the winning candidate, who had won by a narrow margin of 4 percent of the vote.

In Peru, for simple balloting such as the plebiscite of 31 October 1993 in which there were only yes and no votes, the National Electoral Board took two months to announce the results. There was never any reasonable explanation for that monumental delay, which contributed to the plebiscite—justifiably—being called into question.

In Panama, the Electoral Tribunal used a system called TER, Unofficial Transmission of Results. (In reality, it is provisional or partial, but not unofficial, because it is carried out by an official organization.)

The TER was based on a very simple form that the secretary of each section filled out as soon as the tallying was completed, and which was then turned over to an employee of the Tribunal, who was responsible for a certain number of sections. This employee then turned over the form to a supervisor, who sent it to a collection

center where it was fed into a computer. The system worked uninterruptedly. If one or two sections were delayed in closing, they did not slow the process. There were 25 tallying centers in the country that were connected to a central computer, on the screens of which the results automatically appeared as soon as they were entered. All the news media—and therefore the public—had immediate access to the results.

These results were provisional, because they were announced before any decisions were made over possible challenges. But unless there are many such challenges, the final result would not change significantly.

In its turn, the Commission for Justice and Peace, affiliated with the Catholic Church, established a system of "parallel tallying" of votes, which is a form of surveillance of the state by society. This system was what permitted the Church to denounce the fraud perpetrated in 1989, when General Manuel Noriega tried to manipulate the electoral process and deny the victory of the civilian opposition, which had won with 70 percent of the vote.

Although the situation had changed in 1994 and the Commission for Justice and Peace had complete confidence in the Electoral Tribunal, it conducted—for the last time—the parallel tally.

To do this, they organized some 1600 volunteers, one for approximately four electoral sections. These volunteers took note of each section's results and turned them over to one of the 150 supervisors who visited the voting places. The results were transmitted by telephone, fax, or radio to one of the Commission's three tallying centers in the country—the center in Panama City had 40 computers and as many telephone lines—which in turn sent the results by telephone line (modem) to a central computer.

Thus, in the space of a few hours, this parallel system tallied approximately 80 percent of the votes cast, obtaining a result with a margin of error of less than one percent.

These systems, the official one as well as the parallel tally, are used with minor variations in almost all the countries of Latin America. Only in Peru are obsolete systems maintained and attempts made to prevent a parallel tally. The reasons are not technical, as no great sophistication nor mysterious technology is required.

With a few computers, telephone lines—and radios—and reasonable organization, reliable results are obtainable in a few hours.

The problems are political, and they relate to attempts by a civilian—military clique to perpetuate itself in power, and which will not hesitate to thwart the people's mandate, if it can.

This is why the next weeks and months in determining the electoral system and mechanisms will be decisive.

Uruguay

Foreign Minister Begins European Tour

PY2706154694 Madrid EFE in Spanish 1754 GMT
26 Jun 94

[Text] Montevideo, 26 Jun (EFE)—Uruguayan Foreign Minister Sergio Abreu Bonilla on 26 June began a tour of Europe that will include Belgium, the Czech Republic, Italy, and Spain, with the goal of meeting authorities from those countries, enhancing political and trade relations, and delivering a number of lectures.

The Uruguayan foreign minister's first stopover will be Brussels, where he will participate in a seminar on "New Trends in World Trade" that will be opened by GATT Director General Peter Sutherland.

Uruguayan official sources reported that Abreu, as president of the "Uruguay Round" of GATT talks, which ended in December in Marrakesh (Morocco), will deliver a lecture on the reform of European trade unions and mechanisms for assistance to underdeveloped countries.

Afterward, Abreu will travel to the Czech Republic, where he will meet the Czech prime minister, foreign minister, and industry and trade minister.

On 1 July, the Uruguayan foreign minister will be received by Pope John Paul II in a special audience in the Vatican while the Uruguayan Congress is reviewing a bill on the removal of punishment for abortion practices.

On 2 July, Abreu Bonilla will travel to Spain to meet Manuel Fraga Iribarne, the Galicia Autonomous Region government president, and participate in the opening ceremony of the University of Vigo's summer courses by delivering a lecture on "Nation and Emigration."

After visiting Galicia, the Uruguayan foreign minister will return to Montevideo.

Venezuela

Minister Denies U.S. 'Impositions' on Haitians

PA2706154994 Madrid EFE in Spanish 1458 GMT
27 Jun 94

[Text] Caracas, 27 Jun (EFE)—Venezuela will not accept impositions from the United States regarding Haitian refugees, Foreign Minister Miguel Angel Burelli Rivas stated in remarks reported today. The foreign minister stressed that reports that the U.S. Government is forcing Venezuela to accept Haitian refugees are false.

"Venezuela is a sovereign country and does not accept impositions from anybody," Burelli Rivas noted, although he admitted his government may accept some Haitians for a brief period. He added that the Rafael Caldera government shares the concern regarding Haiti but added Venezuela has a foreign immigrants problem, and for that reason cannot accept any more.

Burelli Rivas added, however, that since Haiti is involved and that Venezuela is committed to searching for solutions so that democracy can return to that country, some Haitians may be allowed in for a brief period. "That was the response I gave to the U.S. Department of State," he indicated.

The top official said no Haitians have come to the Venezuelan Embassy in Port-au-Prince and added that the United States has two ships off the Jamaican coast to pick up Haitians and that only six out of 35 who requested asylum were accepted.

President Caldera To Announce Economic Measures

PA2706232094 Hamburg DPA in Spanish 2202 GMT 27 Jun 94

[Text] Caracas, 27 Jun (DPA)—The administration of President Rafael Caldera will implement controls on prices and on the dollar exchange to cope with the severe financial and monetary crisis in Venezuela, congressmen from three political parties announced after meeting with the chief of state.

Spokespersons for the ruling National Convergence, the Movement Toward Socialism (MAS), and the opposition workers Radical Cause Party expressed their support today at Miraflores Palace for the government's "emergency" measures and requested tighter controls on the banking system. One-third of the country's banks ended up in state hands due to the liquidity crisis at nine institutions.

The opposition Social Christian Party, Copei, and the social democratic Democratic Action Party did not express their position on the new official measures of Caldera, who began his second government term on 2 February. The 78-year-old president will address the country on a television network tonight to announce the new measures.

As a reflection of the severe situation, the dollar has jumped from 117 bolivares (national currency) in late April to 200 last Thursday. The government has availed itself of a prolonged banking holiday that began on Friday to draft the new measures.

According to commentators, the Venezuelan state provided assistance "without sufficient guarantees" to new banks in crisis on the order of \$4 billion. This "financial crack" began last January with the intervention at Banco Latino, until that time considered the country's second most important bank. The state intervened at eight other banks two weeks ago.

Explains Measures Taken

PA2806005194 Caracas Radio and Television Networks in Spanish 2330 GMT 27 Jun 94

[“Message to the Nation” by President Rafael Caldera from Miraflores Palace on 27 June—live or recorded]

[Text] The Council of Ministers, which met this morning and this afternoon, has come out definitively in favor of establishing an exchange control. For this purpose, I held long, arduous conversations with the Banco Central de Venezuela Board of Directors. For respectable reasons, Banco Central had expressed at many meetings the necessity of finding other paths and formulas, none of which, unfortunately, yielded the expected results.

I said in my inaugural speech on 2 February that there would be no exchange controls. I said it with absolute sincerity. That was my intention, and I have held it up until today. The truth is, however, that we have been forced to take this measure by the seriousness of the financial situation, the insistent wave of rumors, the speculative movements that have tried to topple the bolivar to the floor. We are well aware of the disadvantages, problems, and dangers, but they are unavoidable. We cannot allow international reserves to be depleted. We cannot allow the unjustified devaluation of our currency to continue. When I say it is unjustified, that is because Venezuela produces the necessary foreign exchange for its legal commercial exchange.

The pressures on the exchange market are due to speculative movements or to the distrust created by a series of rumors. Such rumors have confused Venezuelans about the measures we had to adopt to intervene at eight financial institutions, which we tried to save by every means possible. In the end, however, we concluded it was virtually impossible to save them.

To establish the exchange control, of course in keeping with the Banco Central Board of Directors, another series of indispensable measures had to be taken. One of them is the suspension of constitutional guarantees. We have had to resort to this extreme so my government will have the adequate means to fully achieve its objective.

We have made this decision with total responsibility. We will implement it prudently as we have acted throughout the five months of my government. At the same time, however, we will implement it with the force necessary to save the country from the crisis in which it is immersed.

We did not create this crisis. The crisis is the result of a long period of corruption and serious mistakes in the country's past. We have used all regular means to confront the crisis. We have reached a point now when we feel we must take the extraordinary measures afforded us by the Constitution and laws without delay.

The Development Ministry will be in charge of placing price controls on basic articles by applying a consumer protection law. It is crucial that we achieve this because the wave of speculation, under the pretense of the foreign exchange hike, has been so disproportionate that it is totally unjustifiable. I say it is a pretense because, although inflation can be blamed on the decline of our currency, the price increase has been several times greater than the highest inflation rate observed.

Thus the struggle against speculation is in the government's hands. We feel our people's deep pain, especially in the lower and middle classes, for the unbridled scarcity in the country. We are going to fight beside the people so we can, in some way, correct this tremendous mistake.

We will adopt several complementary measures at the cabinet meeting to be held the day after tomorrow. Among the measures to be taken is the issuance of food and transportation bonuses. These actions seek to improve the true income of the sectors that have been most negatively affected by the current crisis.

Furthermore, in addition to implementing foreign exchange and price controls, we will adopt measures to control the financial institutions. We are willing to stringently apply all necessary norms to see that banking institutions act correctly and that a crisis of this nature does not happen again.

The government has done and is willing to do all it can to protect the small account holders who have trusted in the seriousness and responsibility of financial institutions and who are overwrought because they don't know what will become of their small savings. The small account holders can rest assured that the commitments established by law and maintained by the government will be upheld and increased by the measure necessary to grant them the justice they are owed.

The measures we have adopted are not isolated acts. They are part of our social and economic policies. The social policy is based primarily on the price controls, food and transportation bonuses, which I mentioned previously, and the struggle to improve real wages. It is also based on a number of initiatives, programs, and plans that will be announced to the people very soon because they are already being implemented. We want to get the consumer as close as possible to the producer by offering better ways to obtain the necessary basic products in the marketplace.

We also want to protect and defend the activities that generate jobs, such as small and intermediate industries. These sectors are going through a very difficult situation. The same goes for the agricultural producers who have experienced a very serious crisis in the past years, perhaps even more serious than the one in the urban areas.

In this respect, I must say that the foreign exchange control puts us on a promising path. Now we can start thinking about implementing a plan to decrease interest rates, which have reached levels that are absolutely incompatible with the possibilities of the productive sectors, and to eliminate the zero coupon bonds. We have opposed this mechanism in the past because, although it attempts to alleviate the country's situation, it has triggered rather serious results.

On the other hand, all of this is within the context of an overall economic policy. Venezuela is a good country for

investment. Investors come to the country every day, and we are willing to offer them every guarantee. For some—because some people criticize everything—the policy could seem to present an obstacle to investors. On the contrary, investors need a stable currency. Investors need assurances that the country's foreign reserves will not be depleted. Investors need a system they can trust, and it is precisely that trust which we want to give investors and everyone in the country. We are willing to promote investment and open paths for investment in the areas of oil, petrochemicals, mining, and all other areas that are open to projects through concession. It has taken us some time to prepare the first plans for bidding, but the time is near when we will offer those who are interested the opportunity to invest in the Romulo Betancourt Eastern Freeway.

I have a great deal of trust in my country and I am sincere when I speak to my people. I know that we are taking harsh measures and that there are dangers we must avoid. One danger posed by exchange controls is that they could be invaded by corruption. We will keep an eye on that. We are going to choose very honorable, patriotic persons who are determined to serve Venezuela to supervise this matter.

It is essential that we work together. Today I was pleased to meet with representatives of the media. It was a cordial meeting with reporters from various media. I met with those who write the news, those who report the news on television and radio, and those who inform us with their photographs, the photographers. I told them that Venezuela is proud of its media, and we hope the media will be proud of Venezuela. We do not want the media to report only what is wrong. We do not want the media to enhance the negative aspects. We want the media to cover positive facts, to contribute to the advancement of our country, and to encourage our people to be proud of being children of this glorious country. I addressed the representatives of the media with great affection, as I address my fellow countrymen now.

Dear Venezuelans, dear fellow countrymen, dear friends; let us work together to overcome this crisis. You know this crisis was not created by this government. If there is one thing you can say about this government—and as I said during my inaugural speech—we will do all we can to face the situation. The time has come to use our extraordinary resources, but within the framework of our Constitution and the democratic institution. In order to maintain this democratic institution, we must adopt measures that may be harsh and rigorous. These measures, however, are honestly and diligently aimed at guaranteeing the welfare of the country, Venezuela's welfare. For the good of Venezuela, I reiterate my trust and absolute assurance that we will have the understanding and support of the Venezuelan people, who are confronting these times so full of uncertainty and contradiction. We will overcome these problems to ensure a good future for our beloved country, Venezuela.

Eduardo Fernandez Presents 10 Crisis Proposals

94SM0374C Caracas EL UNIVERSAL in Spanish
3 Jun 94 p 17 Section 1

[Text] Eduardo Fernandez, president of the Thought and Action Foundation, has presented 10 proposals "that may help us out of the crisis, stabilize the economy, and launch a period of growth and social prosperity." He revealed the proposals at the forum "How to Have Confidence in Venezuela," which was organized by the Metropolitan University Student Council. The forum, which is taking place at the Consolidated Cultural Center, will conclude today.

He stated that "at the Thought and Action Foundation, we have been studying the country's economic and social crisis. A few days ago, Harvard University invited me to a seminar to discuss the economic and social situation in Latin America. Countries that are achieving success, like Chile, Argentina, Peru, Bolivia, Colombia, and Mexico, were cited as examples there. Venezuela is not yet on that list of successful countries."

Fernandez asserted that "Venezuela can be just as successful as other countries, if not more so, if we do things right."

The 10 proposals put forward by Eduardo Fernandez are the following:

1. Restructure public finances. This includes, of course, a reform of the tax system to expand the base of taxpayers paying moderate rates. In other words, a value-added tax throughout the chain of commercial sales, that is, all the way to the final consumer. The countries that have achieved success have done it this way.
2. Pursue a serious privatization policy that will open up opportunities for new and better investment, both national and international.
3. Defend workers' wages and middle class income. Because this is so necessary, the battle against inflation and the high cost of living must be a top priority. Part and parcel of this effort is support for the Central Bank of Venezuela (BCV) in its defense of the country's foreign reserves and its efforts to stabilize the bolivar.

Confidence is not the exclusive responsibility of the BCV. There must be harmony between monetary and exchange policy and fiscal policy.

4. Work to create jobs and wealth. To deal with unemployment, both actual and potential, we need a policy of openness to domestic and foreign public and private investment.

At this time, Venezuela is not on the list of countries where international advisers are recommending investment. Other countries are making investments that could come to our shores and help create jobs and generate wealth. I have talked to people associated with international financial centers, and they acknowledge

that with a coherent economic policy, Venezuela could once again be an attractive place for investment.

New investment will come in when we have clear and stable rules of play. We must not forget that new investment represents new jobs, new job opportunities, and new economic resources for the country.

5. Continue to be an oil-producing country. The Investment Plan of Venezuelan Petroleum, Inc. (PDVSA) is ready. This program must be given broad national support. We must also support the strategic partnerships that have been designed to contribute to the development of our oil potential.

6. Move ahead decisively to create pension funds and modernize the reform of social benefits with a view to giving Venezuelan workers a comprehensive and modern system of social security. The Thought and Action Foundation organized a seminar on this issue a few weeks ago, and I have no doubt that the climate is right for reaching a broad consensus in this regard.

7. Complete the clean-up of the Venezuelan financial system. To achieve this goal, I propose a policy of openness and competition. Only in this way will Venezuela's development be assured of enough solid financing to make it competitive in the world economy.

By opening up the system and encouraging competition, we will help reduce interest rates, which is necessary to stimulate investment in projects that are of interest for economic growth.

8. Adopt a policy of openness to international trade and integration in increasingly larger economic spheres. In the long run, the objective should be for our country to join a hemispheric free trade pact extending all the way from Alaska to Patagonia. In the short run, we should strengthen our subregional accords and our compliance with the obligations we have undertaken by joining GATT.

9. Negotiate with the International Monetary Fund, the World Bank, and the Multilateral Agencies to profit from all the advantages offered by these organizations. In particular, we should seize the opportunity to strengthen our international reserves.

10. Make educational reform a national priority. It is particularly important to emphasize the training of human resources to ensure that Venezuelan workers will have access to better jobs and higher pay. The 10 points I have proposed here could be reduced to three very specific proposals:

- Produce more foreign exchange.
- Manage it better.
- Ensure that everyone will have a share in our national wealth, primarily through education.

I contend that "a climate of understanding among all the players on the national stage will contribute to the development of this program." "If we do things right,

and if we tell the country the truth right up front, we will win the confidence battle, and we will put Venezuela on the road to economic progress and social prosperity," he concluded.

Judge Rules on Banks, Issues Arrest Warrants

PA2606150194 Caracas Union Radio Network in Spanish 2200 GMT 24 Jun 94

[From the "Union Radio News" newscast]

[Text] Braulio Sanchez, judge of the 26th Criminal Trial Court, ruled on the cases of the Construction, Barinas, and Bancor Banks at 1715 this Friday. He also issued arrest warrants for the Construction Bank Board of Directors, including its president, Jose Dimase.

[Begin Sanchez recording] I decree the legal arrest of citizen Jose Gustavo Dimase Urbaneja for the crimes of preparing, signing, authorizing, certifying, presenting, and publishing inaccurate balance accounts or financial statements, which are contained in and penalized under Article 293 of the General Banking and Other Financial Institutions Law. He is also charged with repeatedly obtaining benefits and continuously diverting money granted by public organizations. These actions are penalized in accordance with Part 2, Article 61, of the Protection of Public Property Law.

An arrest warrant has been issued for Elio Tamir Maracano, former executive vice president of the Construction Bank at the time, for the same crimes described above.

An arrest warrant has been issued for Saul Uribe, vice president of accounting of the Construction Bank, for the crimes of preparing, signing, authorizing, certifying, presenting, and publishing inaccurate balance accounts or financial statements, which are contained in and penalized under Article 293 of the General Banking and Other Financial Institutions Law.

An arrest warrant has been issued for Carlos Alberto Blanco, vice president of operations of the Construction Bank, for preparing, signing, authorizing, certifying, presenting, and publicizing inaccurate balance accounts or financial statements and for obtaining benefits and diverting money granted by public organizations.

An arrest warrant was issued for (Mauro McNeil Yak Jones), Construction Bank director, for continuously obtaining benefits and diverting money granted by public organizations, penalized under Part 2, Article 61, of the Protection of Public Property Law.

A judicial arrest warrant has been issued for Carmen Elisa Sosa Perez, manager of the Intercom Financial Bank N.V. of the Construction Bank, for obtaining benefits and diverting money granted by public organizations. [end recording]

Judge Braulio Sanchez said the arrest warrants do not mean these individuals took funds granted to their

organizations by Fogade [Deposit Guarantee and Banking Protection Fund] but, rather, that they did not use them properly. He said the Fogade funds, concerning the Construction Bank, were used to purchase dollars on the exchange market.

Drop in Industrial Production, Employment Noted

94SM0374B Caracas EL DIARIO DE CARACAS in Spanish 1 Jun 94 p 16

[Article by Raul Chacon Soto]

[Text] The private manufacturing sector saw its production levels plummet in the first quarter of this year to 22.4 percent below the figure for the same period in 1993. Employment fell 8.8 percent, that is, by 40,512 jobs from the total recorded in December of last year, according to the latest survey of the industrial situation.

In fact, the director of the Center for Information, Documentation, and Reference of Conindustria, Rogelio Carrillo Penso, explained that despite the slight uptick with respect to the fourth quarter of 1993 (the net balance jumped from 2.44 percent to 5.4 percent), industrial production has been sliding since March of last year, when a figure of 27.8 percent was recorded.

He explained that the biggest impediment to an increase in production is the weakness of demand, which limits the possibility of passing on higher costs in the prices of goods, reduces the profit margin, weakens businesses, and shrinks employment.

Carrillo stated that the industry's employment capacity is still declining. "Industrial employment has dropped by 109,964 since the first quarter, a decrease of 20.7 percent."

He indicated that as of March of this year, 421,131 persons were employed, the second-lowest figure in the nine years that the industrial survey has been conducted. The lowest figure was 393,248, recorded in the first quarter of 1989.

The survey also revealed that the sectors reporting the most employees were foods, beverages, and tobacco; textiles and clothing, chemicals, coal, rubber, and plastic. The regions where the most jobs are concentrated are the capital (191,511) and the central region (121,873).

Another indication that this sector is in crisis is the weak backlog of orders, which fell 21.8 percent compared to the first quarter of 1993, and 5.9 percent with respect to December of last year.

The document submitted by Corpoiindustria states that both production and demand declined due to the effects of inflation. "This variable has increased this quarter with respect to 1993, since the bolivar depreciated. It is at 22.08 percent for this period, compared to 33.08 percent in 1993."

Other Indicators

The director of Conindustria explained that, as a result of the contraction of demand, businesses have had to implement measures to deal with their financial situation and cut costs.

In this regard, expectations for the general situation and for investments declined by 19 and 17 points, respectively, compared to the same quarter of last year, and are now at 21.33 percent and 20.47 percent. "This decrease has been caused by the economic uncertainty that prevails in the country."

The nation's utilized capacity has grown since the fourth quarter of 1993, from 57.36 percent to 58.34 percent in the initial months of 1994. Other important indicators are those related to stocks of raw materials (a slight increase, 0.9 percent over the first quarter of 1993), inventories of finished goods (a 6.8-percent jump during the same period), and prices of raw materials and imports (up 98.16 percent and 86.58 percent, respectively).

CVG Commission on Mining, Workers' Rights

94SM0374A Caracas EL NACIONAL in Spanish
31 May 94 p E5

[Article by Adriana Cortes]

[Excerpts] The report by the Evaluation Commission appointed by President Rafael Caldera to diagnose the ills of basic industry enterprises indicates in its final conclusions regarding the mining sector that the Venezuelan Corporation of Guayana (CVG) should have more control over the country's mines. This would mean transferring to the CVG some of the powers now exercised by the Ministry of Energy and Mines.

The document contains a recommendation that the national nature of property ownership should be retained in the mining sector, which has a great deal of potential for the country. For this reason, administrative procedures should be adopted to assign to the CVG all tasks related to the administration, provision of services, control, supervision, and monitoring of mining properties.

The commission, which was headed by Asdrubal Baptista, minister for economic reform, suggested in its report that the Ministry of Energy and Mines should maintain control over the granting of mining concessions, and that improvements should be made in the legal aspects of that mechanism. The CVG would deal with administrative matters as well as monitoring and overseeing mining, in accordance with legislation.

The report contains an expose making it clear that not enough control has been exercised over the mining areas in the region, and that functions should be clearly delineated and carried out more strictly.

"It is a question, then, of designing a system in which the Venezuelan Corporation of Guayana carries out all administrative procedures with respect to investigating and confirming compliance with regulations, and improving the legalities of granting mining concessions should be left up to the Ministry of Energy and Mines. Moreover, in this model, the CVG would be responsible for all monitoring and overseeing of the mining itself." [passage omitted]

Guarantees for Workers

Another important conclusion in the Evaluation Commission's report—although it has not received a lot of attention—has to do with industrial management. It proposes that a significant percentage of the shares in the industrial firms of the CVG be used as compensation in lieu of benefits to public employees who opt for early retirement.

The clarification of providing a guarantee for workers can be deduced from one of the well-publicized conclusions of the report, the one referring to the privatization of basic industry enterprises. The offer of shares would be limited, in this case, to employees who retire from their jobs, and would serve as partial payment of the various benefits to which they are entitled.

In addition, to keep the CVG from completely abandoning social and labor programs after the decentralization and privatization take place, the commission proposes that a significant amount of the proceeds the state receives from the sale of its property be used to finance a Permanent Occupational Education Plan, as well as job retraining and continuing education programs, in which private industry would participate.

One noteworthy aspect of the report is that it does not rule out the possibility that the entities associated with the Venezuelan Corporation of Guayana may be privatized under the Privatization Law.

The document, signed by Minister for Economic Reform Asdrubal Baptista, states that "the legal nature of the process that will lead to the desired objectives should be made very clear, and it should be established whether the provisions of the current Privatization Law, which could hinder the process, are to be applied here, or whether other, more effective and expeditious avenues can be opened up."

Another major difference between this plan and the ones the CVG has advanced so far is the fact that it does not exclude the possibility that even electric companies could be privatized some day, once total maturity is achieved, without harming rational economic interests.